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Pilot Wanted to Die, Passengers Had No Choice

RABAT, Morocco — The pilot of a Royal Air Maroc plane carrying 44 people deliberately crashed into the Atlas Mountains this week because he wanted to commit suicide, according to a commission investigating the crash. All aboard were killed.

Such a crash is believed unique in modern aviation history.

Examination of the plane's "black box" recorders showed that the pilot, Youssef Khayati, 32, had "disconnected the automatic pilot, and directed the aircraft toward the ground," said a statement Thursday from the commission, formed by Transportation Minister Rachid Rhezzouani.

The accident "is due to the deliberate will of the pilot, who wished to end his life," the statement said.

A voice recorder captured the last words of the pilot, Sofia Figueri — "Help, help, the captain is..." — according to French aeronautics officials who examined the black boxes.

A spokesman for the plane's French-Italian manufacturer, Avions Regional de Transport in Toulouse, France, said: "It was horrific for the poor woman co-pilot who tried to talk him out of it."

A veteran pilot said that the widely scattered debris could be explained by the plane coming apart in the air. At a critical speed in a dive, the wings would be torn off, the pilot said.

The twin-engine ATR-42 was on a flight from Agadir to Casablanca when it crashed about 35 kilometers (20 miles) north of Agadir about 10 minutes after its 7 P.M. takeoff.

Twenty of the 44 people on board were foreigners, including eight Italian tourists and a member of the Kuwaiti royal family and his wife.

"The behavior of the pilot is all the more inexplicable considering he was an experienced pilot with 4,500 hours of flying time, and with confirmed professional aptitudes and physical condition," the commission's statement said.

Mr. Khayati had passed regular medical checkups, the most recent on July 7, and passed his most recent pilot examination on July 30, it said.

"This looks fairly unique," said David Learmount, aviation safety specialist for the London-based weekly magazine Flight International. "It is certainly unique in modern airline history."

(AP, Reuters)

U.S. Crime Bill Moves Toward Final Passage

But President Accepts Delay On Health Care

By Paul F. Horvitz

WASHINGTON — In another cliff-hanging victory for the White House, Senate Democrats overcame vehement Republican objections on Thursday and won a test vote paving the way for final passage of major anti-crime legislation.

But President Bill Clinton's long-sought goal of health-care coverage for all Americans sustained another severe blow. The Senate Democratic leadership dropped its insistence on nonstop debate on health-care reform on Thursday and called for adjournment until Sept. 12. The White House approved.

The anti-crime vote was a tentative but crucial victory for Mr. Clinton in the run-up to congressional elections this November. And it appeared to spell eventual defeat for one of the strongest lobbies in Washington, the National Rifle Association.

The vote came after four days of astonishingly bitter and partisan debate.

Republicans needed 41 votes on a procedural point to block the crime bill but fell two votes short, as moderate defectors joined Democrats. A final legislative vote on the crime bill was expected late Thursday as the Senate moved under its rules to cut off debate.

There was an outside chance the final vote would be delayed until Saturday.

The \$30 billion measure offers a multitude of grants to states and cities to hire up to 100,000 more police officers, build more prisons and set up special drug-crime courts. It toughens mandatory minimum sentences for some federal crimes, and makes more money available for prevention programs.

It also bans the sale of 19 military-style assault weapons, a provision vigorously opposed by the gun lobby.

The anti-crime measure passed the House last week only after a withering Republican assault forced the White House and Democratic leaders in that body to cut some \$3 billion in spending and restructure some of the prevention programs.

A similar assault was launched by Senate Republicans, but their party unity was not as solid as in the House, as moderate Republicans who favor the gun ban joined with the Democratic majority.

Republicans had mounted a spirited offensive, charging that the measure was laden with unnecessary "pork."

Democrats, in turn, asserted that the opposition party was bent only on denying Mr. Clinton a legislative victory.

Senator Orrin G. Hatch, Republican of Utah, said the crime bill sustained "a grave-sucking hog" called the federal government and its liberal allies.

He also accused "political cronies of the Clinton administration" with threatening the jobs of junior federal prosecutors so that they would not publicly oppose the White House position.

Senator Frank R. Lautenberg, Democrat of New Jersey, scoffed at Republican assertions of "pork-barrel" spending. "It's

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U.S. Rejects Castro Offer To Negotiate On Refugees

By Steven Greenhouse

WASHINGTON — The Clinton administration rejected Fidel Castro's call for negotiations to resolve the refugee crisis on Thursday, insisting that such talks would be fruitless because the Cuban leader appears resolutely opposed to the political and economic reforms sought by Washington.

Even as many allies and members of Congress urged President Bill Clinton to agree to high-level talks, administration officials articulated a policy of confrontation rather than communication with Havana.

They said negotiations were unnecessary because Mr. Castro knew what reforms were needed to satisfy his people and stop their exodus.

Undersecretary of State Peter Tarnoff said at a White House briefing:

"Our position is that we are not going to enter into a dialogue with Castro or the Cuban government over the pace and nature of change in Cuba. That is something that he is hearing every day, increasingly, from the Cuban people, and the people who are coming out are telling it more publicly than they did before. That's where the dialogue should take place."

The administration's decision to reject talks with Havana appears to ensure that the showdown with Cuba will continue indefinitely.

Mr. Castro seems unwilling to stem the flow of refugees, while President Bill Clinton appears intent on tightening, rather than easing, a trade embargo, as Mr. Castro wants.

Some administration officials see only two things defusing the crisis: Either Mr. Castro will have to back down and adopt reforms and stop the refugees from leaving, or there has to be a spell of bad weather and stormy seas that discourages Cubans from setting out in flimsy rafts and boats.

Several officials hinted that if Mr. Castro continued to let refugees flow out in large numbers, the administration might seek to turn up the heat further on Mr. Castro by asking other nations to halt tourism to Cuba. Tourism and sugar exports are Cuba's two largest sources of hard currency.

In a two-and-a-half hour appearance on Cuban television on Wednesday night, Mr. Castro suggested that he might stop the exodus of refugees if the Clinton administration agreed to talks on a range of issues, including Washington's 32-year-old trade embargo against Cuba.

"Solutions that are real, realistic and just would benefit the United

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THANKS FOR THE MEMORY — Russian soldiers in Berlin singing a farewell song Thursday to mark their withdrawal from their last base in Germany.

For Relief Officials in Goma, It's a 'Virtual State of War'

GOMA, Zaire — International relief agencies said Thursday that security in Rwandan refugee camps around the eastern Zairian town of Goma was now worse than anything they had previously experienced and that they could no longer guarantee normal operations.

"We are in a virtual state of war in the big refugee camps," said Ray Wilkinson,

spokesman for the UN High Commissioner for Refugees. He cited more than a half-dozen incidents in which grenades had been thrown and refugees shot and hacked to death in the past two days.

"We are hearing hair-raising tales about brutal killings and camp violence," Mr. Wilkinson said. "There is not much UNHCR or the aid agencies can do about this."

Aid workers have called for UN peacekeepers, but no such force is being considered by the United Nations.

An estimated 800,000 people are living in the Goma camps, the vast bulk of the million-plus Rwandans who fled across the border last month as the Hutu government and its army fled ahead of the Tutsi-dominated Rwanda Patriotic Front.

Mr. Wilkinson said that experienced aid

workers found the degree of danger to themselves and those they were trying to help more serious than anything they had experienced in Afghanistan or Cambodia.

"There is always a degree of danger in places like Cambodia or Afghanistan," he added, "but here we have found, and I am speaking of experienced aid workers, that

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Peace Back in Parts of Rwanda

In One Region, 'We Are Trying to Forget the Past'

By Raymond Bonner

SHARA, Rwanda — A day in Rwanda's rice-growing region is a reminder that not every Hutu is a killer or a refugee.

At the rice-milling cooperative here, men are again working eight-hour days, shelling, bagging and selling the rice brought in by members, who include Hutu and Tutsi. The cement factory, which employs both Hutu and Tutsi, may reopen soon.

It is also rice-planting season here and, unlike other parts of southwestern Rwanda, the fields are not silent. Men and women are swinging hoes to prepare soil softened by recent rains. Hutu and Tutsi farmers with piles of tomatoes and other

produce walk along the dirt roads, on their way to markets, not to Zaire.

It would be too optimistic to say life has returned to normal. After what Rwanda has gone through, that may take years. But at least in some areas, Hutu and Tutsi are resuming a peaceful life together, the life they led before politicians bent on power set them against each other.

There is no way of telling how typical Shara is. Although most residents have remained, hundreds of thousands of other Rwandans fled the country and still live in foreign camps.

But the willingness of Tutsi and Hutu to coexist here, once common throughout the country, hints that the horrors of the past

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A Proud Paris Celebrates Its Liberation

By Alan Riding

PARIS — As a military victory, the liberation of Paris was not significant. By the time Parisians took up arms against their German occupiers on Aug. 22, 1944, Allied forces were encircling the city. And by the time French troops arrived here three days later, most Germans had fled.

Yet, as Parisians celebrated the 50th anniversary of the end of four years of German occupation on Thursday night, with World War II tanks and jeeps reenacting the entry of General Philippe Leclerc's 2d Armored Division, the extraordinary political significance of the occasion again became apparent.

Within 24 hours of returning to Paris from his long years in exile, General de Gaulle brushed aside challenges to his authority from both the Allies and French Communists; he won recognition as France's undisputed leader, and he began restoring pride to a France shamed by defeat and collaboration.

No less significant, in a matter of weeks de Gaulle transformed France from an occupied land into a combatant nation and, in the process, set the stage for France to be recognized, along with the United States, Britain and the Soviet Union, as one of the victorious Allies.

The key to this, though, was the way he interpreted the liberation of Paris. "Paris, Paris insulted, Paris broken, Paris martyred," he told a crowd at City Hall on the evening of Aug. 25, 1944, "but Paris liberated, liberated by itself, liberated by its people, with the help of all France."

That vision has survived. Ten weeks ago, leaders of Allied nations were invited to Normandy to celebrate the 50th anniversary of the D-Day landings. On Thursday, no foreign leaders were pre-

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Business Faces Dilemma Over Rights in China

By Steven Mufson

BEIJING — In early July, Gao Feng returned to work in the stamping shop of Beijing Jeep after an absence of more than a month. He said the Public Security Bureau had held him for 35 days because he planned to hold a Christian religious commemoration for people who died in 1989 outside Tiananmen Square.

Because it considered his attendance record poor, Beijing Jeep, a joint venture with Chrysler Corp., said it would fire Mr. Gao unless he produced proof. The Chinese police gave him a note saying he had been held for three days, then released without charges.

This was not your average misunderstanding over attendance. The New York-based Human Rights Watch took Mr. Gao's case to Chairman Robert J. Eaton of Chrysler, who is part of a high-level group of executives accompanying Commerce Secretary Ronald H. Brown to China on Friday.

After a call from corporate headquarters, Chrysler's management in Beijing put Mr. Gao back to work while they attempted to clarify the reason for his absence.

The incident highlights the questions facing companies in a politically charged and sometimes repressive atmosphere such as China's. Do they have a special obligation to foster human rights?

In the aftermath of President Bill Clinton's renewal of most-favored-nation trading status for China, a corporate code of conduct has become the main battleground between human rights groups and U.S. business. Mr. Clinton endorsed a set of voluntary principles for U.S. firms in China when he renewed China's trading

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Kiosk

UN Rights Unit Takes Iran to Task

GENEVA (Reuters) — A United Nations human rights body called on Iran on Thursday to stop using excessive force in suppressing public demonstrations and to cease involvement in "state-sponsored terrorism."

The resolution passed by the UN Subcommission on Prevention of Dis-

crimination and Protection of Minorities urged Iran to take "urgent and effective action to improve its record in the field of human rights."

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Newsstand Prices

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3829.69

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0.11%
117.27

The Dollar

New York
Down
1.5425
1.5425

Previous Close

Down
1.5565
98.78
5.2885

Foes Suspect a Kohl Ploy in Nuclear-Smuggling Affair

By Stephen Kinzer
New York Times Service

BERLIN — With public fears over the smuggling of atomic material rising dramatically in Germany, opposition leaders asserted Thursday that Chancellor Helmut Kohl had staged several highly publicized seizures of plutonium and uranium in order to improve his image in advance of the national election in October.

There is serious suspicion that these most poisonous of poisons were brought to Germany with the help of German authorities, Günter Verheugen, a senior official of the opposition Social Democratic party, said in Bonn. "This smacks of a stunt."

Another Social Democratic leader, Karsten Voigt, told a meeting of the parliamentary foreign affairs committee that Mr. Kohl's "heroic activity" against smugglers of nuclear material was calculated to come during "a period before the federal election when media attention is especially intense."

The chancellor's coordinator of secret services, Bernd Schmidbauer, rejected the accusations as "absurd and bizarre."

The exchange on Thursday made it clear that both major parties were seeking to turn the wave of public concern over atomic smuggling to their own political benefit. Mr. Kohl is engaged in a heated campaign for reelection against the Social Democratic candidate, Rudolf Scharping.

Social Democratic leaders have asserted in recent days that German secret agents were being ordered to pose as buyers of atomic material, both in Germany and in the former Soviet Union, in order to produce spectacular arrests that would strengthen Mr. Kohl's law-and-order image.

An aide to Mr. Schmidbauer conceded in an interview that agents had approached people who they believed might sell illicit atomic material. But he said that they had initiated such

contacts only within Germany, and insisted that transactions between agents and would-be smugglers in other countries were always initiated by the smugglers.

"What you heard today was strictly campaign rhetoric," said the aide.

Since May, the German authorities have made four seizures of atomic material. Three were of lethal plutonium-239 and the fourth was of highly enriched uranium. Officials here say they believe the material came from the former Soviet Union, although Russia has denied that any of its material is missing.

After the seizure of 300 grams (10.5 ounces) of plutonium at the Munich airport this month, Mr. Schmidbauer traveled to Moscow for talks with Russian officials. He signed an agreement on Monday under which German and Russian secret services are to cooperate more closely in the effort to control the smuggling of atomic material.

Mr. Kohl's office announced Thursday that the Russian counterintelligence chief, Sergei Stepashin, would visit Bonn in September or October for further talks.

At Thursday's parliamentary hearing in Bonn, Mr. Schmidbauer backed away from earlier assertions that atomic material seized here was almost certainly of Russian origin. He said it might have come from the Ukraine or other former Soviet republics, and added that there were indications such material was being smuggled by sea as well as by air.

In addition, Mr. Schmidbauer said he had information suggesting that former agents of the Stasi, the secret service of the former East Germany, were involved in the illicit trade.

Asked if he believed that foreign governments were actively seeking smuggled atomic material in order to build nuclear weapons, Mr. Schmid-

bauer replied, "It is not absurd to believe that buyers may be acting on behalf of governments."

He refused to identify any governments he suspected, but German press reports say that investigations are focusing on North Korea and Pakistan.

At the same hearing, government officials announced that border guards at 50 entry points into Germany would soon be equipped with devices allowing them to detect the presence of radioactive material in luggage or freight shipments. They said the devices were now being tested and would be in use by October.

Finance Minister Theo Waigel urged Thursday that the issue of nuclear smuggling be placed on the agenda at the next meeting of the Group of Seven industrialized nations. He said the matter would be discussed at meetings of European Union foreign affairs ministers, interior ministers, and justice and finance ministers.

WORLD BRIEFS

U.S. Ends Red Sea Blockade of Iraq

AMMAN, Jordan (AP) — United States warships moved away from the mouth of the Gulf of Aqaba on Thursday, leaving the enforcement of United Nations sanctions against Iraq to land-based inspectors.

The U.S.-led blockade in the Red Sea began four years ago after Iraq invaded Kuwait and continued when the Gulf War ended. Warships from 14 nations participated, with the United States, Britain and France the leading contributors.

But with a nod from Washington, the United Nations agreed last week to halt the interceptions at sea for at least a month, beginning Thursday, to see if onshore inspections would be just as effective.

Israelis Refuse to Reopen Mosque

HEBRON, Israeli-Occupied West Bank (Reuters) — Six months after a Jewish settler shot and killed 30 Muslims at a mosque in Hebron, Israel rejected demands on Thursday that a tomb complex at the site, which is sacred to both Islam and Judaism, be reopened.

Israeli officials said the Tomb of the Patriarchs — revered as the burial place of Abraham, Isaac, Jacob and their wives, Sarah, Rebecca and Leah — would stay shut until security was improved. They also emphasized that even with the best security there was no way they could guarantee that a similar incident would not occur.

Nabil Shaath, a senior official with the Palestine Liberation Organization, told Israeli Army radio the restrictions covering Hebron, which is home to some 100,000 Arabs and about 400 Jews, should stop. "Of course it should be reopened," he said. "Why punish the worshippers of the mosque for the crime of a fanatic?"

Murayama, in Vietnam, Pledges Aid

HANOI (AP) — Prime Minister Tomiichi Murayama began the first visit by a Japanese leader to Vietnam on Thursday with pledges of assistance, but urged the Communist government to speed up economic reforms.

Economic issues and stepped-up contacts between the two countries dominated 90 minutes of talks between Mr. Murayama and his Vietnamese counterpart, Vo Van Kiet. Five accords on grant aid worth more than \$73 million and an agreement to allow Japanese peace corps workers to teach in Vietnam were signed.

A Japanese Foreign Ministry spokesman said Mr. Murayama had told Mr. Kiet of "his personal remorse about Japanese atrocities and colonial rule in Asia during World War II."

Bhutto Rival Defends Nuclear Report

ISLAMABAD, Pakistan (AP) — The predecessor of Prime Minister Benazir Bhutto said he had announced this week that Pakistan had a nuclear bomb in order to prevent Miss Bhutto from rolling back the country's atomic program.

Former Prime Minister Nawaz Sharif, who now heads the main opposition party, sparked the latest nuclear controversy with his assertion on Tuesday. In an interview with Pakistani journalists published Thursday in several newspapers, Mr. Sharif said he wanted to stop Miss Bhutto from cutting the nuclear program and making concessions to India. "Prime Minister Benazir Bhutto was about to compromise on the nuclear program," he said.

Miss Bhutto's government, however, said Pakistan had no plans to alter its nuclear program, which is extremely popular among the country's political and military leaders. Pakistan has the ability to make a bomb, but does not plan to do so, officials said in a restatement of a long-standing policy.

Man Gets His Heart, From Daughter

ROYAL OAK, Michigan (AP) — A man who had been waiting years for a heart transplant finally got one — from his own daughter, who was killed in a car wreck.

Chester Szuber received the heart Monday from his 22-year-old daughter, Patti, officials at William Beaumont Hospital said Thursday. She was killed in a traffic accident in Knoxville, Tennessee.

Mr. Szuber, 58, had been on a heart transplant waiting list for nearly four years, the hospital said in a statement.

For the Record

A member of Algeria's National Transition Council died of wounds suffered in an attack at his home in an Islamic fundamentalist stronghold east of Algiers, the security services said Thursday. Kadi Abdallah Mohammed, 60, had been shot the day before in Benzerga. (APF)

Lifelines and helicopters safely evacuated passengers and crew members from a ferry that caught fire Thursday in the English Channel, officials of the ferry operator said. Sally Line Ltd. said there were 104 crew members and 17 passengers aboard the ferry, Sally Star, when the fire broke out in the engine room. (AP)

TRAVEL UPDATE

New Lufthansa Service Lowers Fares

PARIS (Bloomberg) — Lufthansa German Airlines unveiled a new, low-cost service on Thursday with a simplified fare structure. The service, initially available on six routes within Germany, is to be expanded later, the airline said.

Five of the six routes are ones on which the German subsidiary of British Airways, Deutsche BA, competes. Deutsche BA, anticipating the new Lufthansa service, announced fare cuts several weeks ago.

The Lufthansa service, called Express, is scheduled to begin on Sept. 1. It offers one-way fares of 299 Deutsche marks (\$193) for economy class and 369 DM for business class. The routes are Munich-Hamburg, Munich-Berlin, Munich-Düsseldorf, Munich-Cologne/Bonn, Berlin-Düsseldorf, and Berlin-Cologne/Bonn. There will also be a 99 DM economy-class fare at off-times.

Sabena Belgian World Airlines said it would resume flights to the Rwandan capital, Kigali, on Sept. 2. The airline said it would initially operate a weekly flight in a 194-seat DC-10, and would follow the security situation in Rwanda closely. Sabena suspended service to Rwanda in April. (Reuters)

A partial traffic ban in Athens will be continued Friday to reduce pollution during a heat wave, the Environment Ministry said. Cars and taxis whose license plates end with an odd number will be banned from the city center from 7 A.M. to 3 P.M. Temperatures are expected to rise to more than 40 degrees centigrade (104 Fahrenheit) for the second day in a row. (APF)

A rash of storms from northern to southern Italy knocked down trees and caused other damage Wednesday night and Thursday. Electrical service was cut in parts of Rome. At least two deaths and injuries to 16 people were attributed to the bad weather. (AP)

Last year was the busiest year ever for air travel between the United States and other countries. Some 92.5 million passengers flew between the United States and other nations last year, up 5 percent from 1992, the Transportation Department. (AP)

In Sensitive Case, U.S. Gives Asylum To Saudi Diplomat

By John Mintz
Washington Post Service

WASHINGTON — The U.S. Immigration and Naturalization Service has granted political asylum to Mohammed Khilewi, a Saudi Arabian diplomat who criticized the Saudi royal family and then went underground because he feared retribution, according to his lawyers.

In a letter to Mr. Khilewi, the agency said it was granting him the political asylum he requested on June 14 because he had established a "well-founded fear of persecution" upon return to his homeland.

The question of whether to grant political asylum to Mr. Khilewi, 31, was a diplomatic quandary for the U.S. government because Saudi Arabia is the United States' closest ally in the Gulf. Saudi government officials may be embarrassed by the U.S. government action, which implicitly acknowledges that they can be heavy-handed with dissidents, foreign policy specialists said.

Officials of the Immigration and Naturalization Service and the State Department declined to comment on the matter.

A spokesman for the Saudi Embassy also declined to comment, except to reiterate past Saudi government statements that it does not want to harm Mr. Khilewi.

Mr. Khilewi, who had been a first secretary at the Saudi mission to the United Nations, said in an interview Wednesday that he still feared that he, his wife and two children could be harmed.

Mr. Khilewi told immigration officials that a Saudi intelligence official had threatened him and his family's lives on May 17, the day he informed Saudi officials by cable of his opposition to the Saudi government's human-rights record. Mr. Khilewi secretly taped the conversation, and included the tape in his application for asylum.

On the tape, the Saudi intelligence official told Mr. Khilewi that he must travel to Washington immediately to speak with the Saudi ambassador in the United States, Prince Bandar bin Sultan.

"You have to go today or your life, your wife and your children's lives will be in dan-

ger," the man told Mr. Khilewi, according to his application. Daniel Pipes, a specialist in Arab affairs and editor of Middle East Quarterly, said the U.S. government's decision was likely to be "an acute embarrassment for the Saudis."

Saudi officials may be especially concerned, Mr. Pipes said, because the U.S. action may confer some legitimacy on allegations by Mr. Khilewi that the Saudis have financed Palestinian and other terrorist groups, electronically eavesdropped on Jewish groups in the United States and spent billions of dollars in the 1980s to help Iraq develop nuclear weapons.

Mr. Khilewi said he had 14,000 pages of Saudi documents supporting these and other claims, and had presented some to news organizations. The Saudis deny the allegations and say the documents are forged.

Inability to Solve Bombing Embarrasses Argentina

By Calvin Sims
New York Times Service

BUENOS AIRES — Despite announcements two weeks ago that Argentina had evidence linking Iranian diplomats to the bombing of a Jewish community center here on July 18, the government is still far from knowing who carried out the attack and may never resolve the case, Argentine officials say. The bombing killed 100 people and wounded scores of others.

The officials, who are familiar with the government's investigation of the bombing, said in recent interviews that the case against the Iranian diplomats was very thin, based mainly on circumstantial evidence provided by an Iranian dissident whose credibility was uncertain.

There is a growing sentiment in the administration of President Carlos Saul Menem that the government has mismanaged the case by publicly endorsing such flimsy evidence and threatening to sever diplomatic ties with Iran and expel its ambassador based solely on unsubstantiated information, the officials said.

"We have looked pretty silly and naive in recent weeks," a senior government official said. "It's awful

to raise expectations and make people believe things that are later revealed as unproven. That destroys credibility."

"I was astonished by the way bright, learned officials have acted throughout this whole affair," the official continued. "They acted as if they didn't realize the world was watching us and judging us to see how we would handle this."

The government's chief investigator in the bombing, Judge Juan José Galeano, has dropped out of the spotlight and has refused requests for interviews after issuing the arrest warrant for four Iranian diplomats whom the dissident identified as being involved in other terrorist activities, including the bombing of the Israeli Embassy here in 1992.

Iran has said that none of the four were in Argentina at the time of the bombing, an assertion Argentina has not disputed. Furthermore, Iranian officials have accused the United States and Israel, whose intelligence agencies helped Argentina in its investigation, of pressing the Menem government to link the bombing to Iran.

Asked if the government had acted before all the

facts were in, Foreign Minister Guido Di Tella said in an interview that he believed Judge Galeano had acted responsibly in issuing the warrant for the arrest of the Iranians based on the information available at the time.

"There was a tremendous public pressure to find the culprits and a lot of overenthusiasm that the first investigations were leading somewhere," Mr. Di Tella said.

Indeed, after the bombing, the Argentine government came under pressure from Jewish groups here to exhaust all possibilities in investigating the blast and to prevent future acts of terrorism.

The 1992 bombing of the Israeli Embassy here, in which 29 people were killed, was never resolved.

Meanwhile, Argentina remains on a state of alert that began two weeks ago after the United States and Israel informed the government that they had information indicating another bomb attack was likely.

While there are fewer police officers on street corners now than there were a week or so ago, synagogues and Jewish schools are still protected by barricades, policemen and guard dogs.

Party in India Calls Strike in Aide's Slaying

Reuters

BOMBAY — India's rightist Hindu opposition Bharatiya Janata Party called Thursday for a general strike in Bombay on Friday after the assassination of a local party leader.

The local party leader, Ramdas Nayak, was shot and killed in a western suburb by two men on a motorcycle who riddled his car with an assault rifle, the police said. Mr. Nayak's bodyguard was also killed in the attack, and his driver and two passers-by were wounded.

The slaying touched off fears of a violent backlash from party supporters in the city of 12 million people.

New Foreign Minister Appointed in Ukraine

Reuters

KIEV — President Leonid Kuchma of Ukraine has appointed Hennadiy Udovenko as his acting foreign minister, replacing Anatoli Zlenko, officials in the Kuchma administration said Thursday.

A decree signed by Mr. Kuchma, who was on vacation in Crimea, said Mr. Zlenko was being shifted to another job.

Zedillo Pulls In Just Over 50% of Mexican Vote

By Anthony DePalma
New York Times Service

MEXICO CITY — With the official vote count nearly complete, Ernesto Zedillo Ponce de

León has slightly increased his sizable lead in Mexico's presidential election.

Also, Mexican election officials revealed that they had uncovered plans to sabotage the computers used to tabulate votes.

With more than 88 percent of the estimated 36 million hand-marked ballots from Sunday's election counted, Mr. Zedillo had 50.08 percent of the vote. It was not clear whether the final percentages would push his total over the 50.47 percent that Carlos Salinas de Gortari received in 1988 in what was the lowest-ever turnout for the ruling Institutional Revolutionary Party, or PRI, since it gained the presidency in 1929.

Exceeding 50 percent also should enable Mr. Zedillo to avoid the problem of being branded a president elected by a minority of the voters.

Mr. Zedillo's closest rival, Diego Fernández de Cevallos of the right-of-center National Action Party, had garnered 26.8 percent of the vote so far.

On Wednesday morning, the head of the Federal Electoral Institute, Jorge Carpizo McGreggor, said officials had found out about plans to introduce a virus into the institute's main computer that would have thrown the counting process into disarray. That would have been a disconcerting echo of 1988, when the computer system broke down.

Mr. Carpizo, who is also secretary of the Interior Ministry, did not explain how the plan would have worked or who was responsible. He said only that he had received indications that someone had wanted to use a virus "to disconnect the whole system."

"For this reason we took

many precautions and it didn't happen," he said. He added that he had "indications of those who possibly were responsible," but he did not reveal who they might be. He said that the matter would be investigated and that those responsible would be prosecuted.

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Bahamas	001-800-333-1111	Finland	001-800-333-1111	Peru	001-800-333-1111	Paraguay	001-800-333-1111	Taiwan	001-800-333-1111
Belgium	001-800-333-1111	France	001-800-333-1111	Poland	001-800-333-1111	Puerto Rico	001-800-333-1111	Tanzania	001-800-333-1111
Bermuda	001-800-333-1111	Germany	001-800-333-1111	Portugal	001-800-333-1111	Romania	001-800-333-1111	Turkey	001-800-333-1111
Bolivia	001-800-333-1111	Ghana	001-800-333-1111	Russia	001-800-333-1111	Saudi Arabia	001-800-333-1111	Ukraine	001-800-333-1111
Brazil	001-800-333-1111	Greece	001-800-333-1111	South Africa	001-800-333-1111	South Korea	001-800-333-1111	U.S.	001-800-333-1111
Canada	001-800-333-1111	Honduras	001-800-333-1111	Spain	001-800-333-1111	U.S.	001-800-333-1111	U.S.	001-800-333-1111
Cayman Islands	001-800-333-1111	Hungary	001-800-333-1111	U.S.	001-800-333-1111	U.S.	001-800-333-1111	U.S.	001-800-333-1111
Chile	001-800-333-1111	India	001-800-333-1111	U.S.	001-800-333-1111	U.S.	001-800-333-1111	U.S.	001-800-333-1111
Colombia	001-800-333-1111	Indonesia	001-800-333-1111	U.S.	001-800-333-1111	U.S.	001-800-333-1111	U.S.	001-800-333-1111
Costa Rica	001-800-333-1111	Iran	001-800-333-1111	U.S.	001-800-333-1111	U.S.	001-800-333-1111	U.S.	001-800-333-1111
Czech Republic	001-800-333-1111	Italy	001-800-333-1111	U.S.	001-800-333-1111	U.S.	001-800-333-1111	U.S.	001-800-333-1111

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THE AMERICAS / THE ABORTION PARAGRAPH

Catholic Church Pursues a Complicated Health Strategy

By Gustav Niebuhr

New York Times Service

NEW YORK — The nation's largest private provider of health care, the Roman Catholic Church, finds itself of two minds when it comes to new health-care legislation.

It desperately wants universal coverage. But it cannot live with a provision that many legislators are likely to insist on including: guaranteed coverage for abortion.

As a result, the church finds itself pursuing a lobbying strategy that is at the least, exceptionally complicated and at the worst, paradoxical.

In dioceses across the country, Catholic leaders are using telephone calls, postcards and personal visits to Congress to make the two-pronged argument that has been summed up in a letter inserted in church bulletins over the last month.

"We can have health-care reform that does not include abortion coverage and that does provide coverage for all," it says.

The letter, distributed by the bishops' public policy arm, the United States Catholic Conference, includes the Capitol Hill switchboard number.

In a speech in Washington in May, Cardinal Joseph Bernardin of Chicago declared passionately that "justice and the common good" demanded a thorough restructuring of health care, but he added that "insistence on abortion coverage will turn millions of advocates of reform into adversaries of health-care legislation."

Most of the proposals before Congress now include a requirement that Americans be offered a standard package of benefits including "pregnancy-related services," a phrase widely taken to include abortion. But this

provision is certain to provoke bitter debate if and when the House and Senate begin serious efforts to pass legislation.

The church's opposition to abortion is, of course, well known. But to grasp the bishops' position, one must understand that the Catholic stake in health care is institutional.

As the largest private health-care provider in the United States, the Catholic Church accounts for about one of every six hospital beds. Through various dioceses and religious orders, the church operates 566 hospitals, many of them founded by congregations of nuns. They have a disproportionately large stake in the quest for universal coverage, as they treat large numbers of the poor and uninsured.

The hospitals have already been struggling to preserve that sense of

charitable mission in the face of the market forces now reshaping the medical system. Further complicating matters, many institutions are in the midst of a generational handover, as a dwindling cadre of nuns turns over control to lay administrators.

The bishops as a body have been on record supporting some form of universal access to health care since 1919, when they declared that "the state should make comprehensive provision for insurance against illness, invalidity, unemployment and old age."

But the Democratic bills now before Congress, which would move the nation much closer to that goal, all include abortion coverage.

The bills, however, all include a "provider conscience clause," intended to allow hospitals and doctors to refuse to perform abortions.

The bishops have said this does not

assuage their concerns, because Catholics would still have to pay into insurance plans that cover abortion, and Catholic hospitals could not ethically join the networks of insurers, doctors and hospitals.

Market forces are already promoting the formation of these networks, but they might become even more widespread under some of the health proposals under consideration.

That means being left out could prove a financial disaster, the bishops argued in a recent letter sent to all members of Congress.

"Because they could not agree to coordinate access to abortions or solicit abortion providers to join their network, Catholic facilities could be effectively barred from leading such provider networks," their letter said. "Many Catholic institutions simply may not survive in such a situation."

★ POLITICAL NOTES ★

Clinton Decides to Be Seen, Not Heard

WASHINGTON — Waves of Cubans were fleeing to Florida, his health and crime bills were barely dodging doom, but the only question President Bill Clinton would touch at his ritual morning jog earlier this week had to do with the injured Achilles' tendon of Vice President Al Gore.

"He's better," Mr. Clinton allowed grudgingly — then clamped up tight.

In a month of stunning surprises from Washington, this one surely ranks among them: Mr. Clinton, maybe the chattiest man ever to occupy the Oval Office, is suddenly rationing his conversation like Calvin (Silent Cal) Coolidge.

In the last two weeks, he has had none of the photo opportunities that he has long used for run-on lectures on topics from the federal deficit to defense conversion. He has taken reporters' questions on only two occasions, and is threatening to hold to the new tack indefinitely.

Urging the new policy was his new chief of staff, Leon E. Panetta, who, adopting a view long held by the Washington punditocracy, argued that Mr. Clinton has been talking too much. The common view at the White House is now that Mr. Clinton needs to save his wind.

The new, more coy Clinton has had a very real impact on the network television correspondents, who like to have fresh footage of the president — preferably answering one of their questions — every day. Now they are resorting to shots of the president ignoring them.

It Has Been an Expensive Nonvacation

WASHINGTON — President Bill Clinton and his family are still stuck in the capital, where they can only dream about their postponed beach vacation on Martha's Vineyard. But taxpayers have already begun to foot the bill.

Since Monday, when the Clintons had planned to hole up on the Massachusetts island, the tab has quietly been running for dozens of rooms and residences rented for presidential aides, military technicians and Secret Service agents.

Lodging space is so scarce at the height of the summer season, aides to Mr. Clinton say, that the White House had no choice but to make its best guess about when Congress might wrap up business and then agree to pay for the rooms whether they were used or not. But having gambled and lost, the costs to the White House, and thus to taxpayers, are mounting.

An Early Exit From Presidential Race

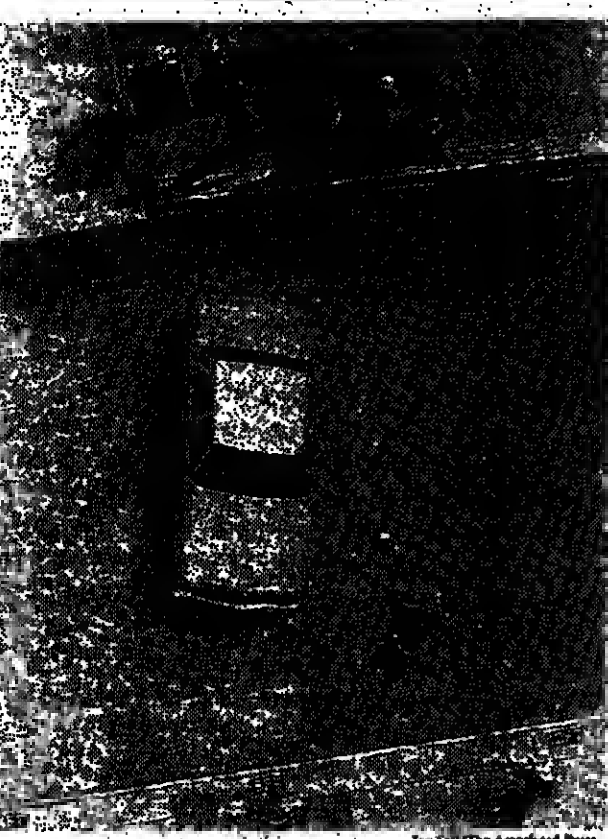
WASHINGTON — At a time when most Republican hopefuls are still weighing whether to run for president, one of them, William J. Bennett, has announced that he will not join the race.

Mr. Bennett, a former education secretary and drug policy director, cited family and professional reasons on Wednesday for not seeking the Republican nomination, leaving up for grabs the religious conservatives who have been his biggest supporters.

Quote/Unquote

Senator Byron L. Dorgan, Democrat of North Dakota, on the poliocking over the crime bill: "This debate is like a migraine headache: It goes on and on and on." (WPI)

Away From Politics



NO PARKING — A car submerged in a Chicago apartment-complex swimming pool after it plowed through a fence. The driver, 86, was rescued.

• Lawyers for the National Association for the Advancement of Colored People and for the group's former executive director, Benjamin F. Chavis Jr., agreed to discuss an out-of-court settlement after a judge rejected Mr. Chavis' bid for reinstatement.

• Yale University officials said they had asked the Centers for Disease Control and Prevention in Atlanta to make a safety inspection of the laboratory where a scientist was infected with a rare tropical virus. The scientist was infected Aug. 8 while conducting research on the virus, called Brazilian Sabia, which can kill by causing severe internal bleeding. He apparently violated university safety rules by failing to report a spill of the virus in the lab and by moving about in the general public until Aug. 19, potentially exposing as many as 80 people to the virus, Yale officials said. No secondary infections have been detected.

• The sweepstakes company Publisher's Clearing House has agreed with 14 states to clarify its contest mailings, after recipients complained about official-looking notices that seemed to label everyone a "finalist" or declared their eligibility for a "final round." Publisher's Clearing House agreed to pay the states \$490,000 to reimburse them for their two-year investigation. The agreement was announced between the company and Arizona, California, Connecticut, Florida, Idaho, Illinois, Kentucky, Minnesota, Missouri, New Mexico, New York, Wisconsin, Tennessee and Texas.

• Nearly 1,000 people were evacuated as a hurricane, designated John, approached Johnston Island, a U.S.-held Pacific island that contains a chemical weapons incinerator.

UPI, NYT, AP, Reuters

North Within Spitting Range of Senate?

By Richard L. Berke

New York Times Service

RICHMOND, Virginia — As a call-in show host in Richmond egged him on before a live radio audience, the candidate for the U.S. Senate swigged a cup of water, then squirted it between the gap in his front teeth high into the air, hitting a target nearly 10 feet away.

"Bull's eye! Dead on!" said Oliver L. North, the former Marine lieutenant colonel, who still likes to prove he has that can-do spirit.

After months of dismissive attacks from pundits and fellow Republicans, Mr. North is finally having a good time running for the Senate from Virginia, and with good reason.

Perhaps because his detractors recognize they can do only so much to stop Mr. North now that he has his party's nomination and the criticism has subsided over his role in the Iran-contra scandal and his citation for contempt of Congress.

Mr. North is widely viewed as coming on strongest among the four candidates in this highly unusual race.

He has pulled even with Senator Charles S. Robb in the polls, with each getting about 30 percent, and is well ahead of the two independent contenders, former Governor L. Douglas Wilder and former State Attorney General J. Marshall Coleman.

Moreover, Mr. North had, by the end of

June, raised \$8.6 million in campaign contributions, as against \$2.5 million by Mr. Robb, a Democrat. He has been by far the most visible of the candidates, both in his television advertising and in appearances across the state.

And since winning the Republican nomination in June, Mr. North has picked up the support of established party members like former Senator Paul Laxalt of Nevada and former Attorney General Edwin Mese 3d, who had been among his most outspoken critics earlier.

Some even venture to say that Mr. North is now the man to beat.

Mark J. Rozell, a political science professor at Mary Washington College in Fredericksburg, Virginia, who was once skeptical of Mr. North's appeal, is one of many analysts who have revised their views.

"I can say with a great deal of confidence there is one candidate who will outfade by Election Day, and that is Oliver North," he said. "He has the most convincing, fervent following, and the best grassroots campaign. And he's getting the most media coverage because he's setting the agenda for the campaign, defining himself and his opponents."

Mr. North, 50, who has vowed to retire to the Virginia countryside if elected to two terms, is trying to do some image building. He wants to be liked.

As he told an audience Wednesday: "At the end of my two terms in the U.S. Senate,

I want the people of Virginia to think of me as an old shoe, very comfortable to be with."

Mr. North is a passionate speaker, talking of issues like the ravages of crime, and he lingers after events, looking for more hands to shake. He does not come off as a cocky Marine who too prominence after shredding documents about the secret supply operation he ran for the Nicaraguan contras against the demand of Congress.

"Oliver North is not the demon they created," Mr. North told his radio audience as he picked on one of his favorite targets, the press. "He's a good father. He's a human being. It's hard, sometimes, to get that message across."

Mr. North's biggest challenge is still to get that message across, to win over the people who do not believe that someone convicted of three felony counts — obstruction of Congress, destroying documents and accepting an illegal gift — should sit in the Senate, even though the convictions were thrown out on appeal.

"This is a kamikaze candidacy," said Stuart Stevens, a Republican media strategist. "The only way this guy can win is if he goes on camera and explains why he was convicted of a felony. But he continues to ignore it as if it didn't happen, as if he were some sort of Shenandoah populist who emerged from a military background to run against the system."

Italian Tourists Shot in Florida

The Associated Press

KISSIMMEE, Florida — An Italian couple visiting the United States was shot several times in a robbery attempt in central Florida, the police say.

The man was in critical condition Thursday at Orlando Regional Medical Center, while the woman was listed in stable condition, a nursing supervisor said. The couple, in their late 30s, asked not to be identified.

The police said the couple were walking on a sidewalk when two men began following them. A third man was waiting in a car across the street. The two men forced the couple toward the car and a struggle ensued. Witnesses told the police that they heard gunshots, then saw the car speed away. The victims were found lying on the pavement.

'65 Test Sent Radioactive Cloud Over Los Angeles

By Melissa Healy

Los Angeles Times Service

WASHINGTON — A federal agency's test of a nuclear-powered rocket in 1965 produced a radioactive cloud that drifted over Los Angeles before dissipating over the Pacific Ocean, according to a lawmakers who say the area's 6 million residents were used as human guinea pigs in the experiment.

Citing documents recently made public by the Energy Department, Representative Edward J. Markey, Democrat of Massachusetts, said the radioactive cloud of nuclear material was a result of an "intentional accident" designed to monitor the effects of a malfunction aboard the rocket.

In a letter to Mrs. O'Leary, Mr. Markey urged the secretary to refer the rocket test to the investigating panel for consideration as a human experiment. If the panel accepts the experi-

ment as an episode of human experimentation, Los Angeles residents who can demonstrate that they were affected by the test could be eligible for some compensation.

The test was conducted by the Atomic Energy Commission, a predecessor of the Energy Department, with the assistance of the U.S. Public Health Service and a private contractor. It took place on Jan. 12,

1965, and was what scientists called a "controlled excursion." The rocket took off from a Nevada test site and burned off part of its radioactive core in a spectacle that scientists said "resembled a Roman candle."

Winds pushed the resulting cloud of radioactive debris southwest over Death Valley, and then onward over the Los Angeles area, according to the documents.

The officials said the submarines had been detected "in the past few months" sailing west out of Murmansk and in international waters.

REYKJAVIK — Russian submarines have reappeared on patrol in the North Atlantic after an absence of two years, Icelandic officials said.

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TENDER NOTICE

MANAGED LEASED LINE NETWORK IN HUNGARY

The HUNGARIAN TELECOMMUNICATIONS CO. LTD. (HTC) now invites sealed bids for the supply and supervision of installation of a Managed Leased Line Network (MLLN) in Hungary.

The MLLN, scheduled to be executed in 1995-96, will be a new, country-wide, digital, centrally managed overlay network to fulfill HTC's business customers' leased line demands for their corporate networks. The MLLN will operate on HTC's existing digital transmission (PDH) infrastructure through E1 and optionally E3 interfaces.

Planned service features of the overlay network are:

- End-to-end managed digital leased line services from sub-rate to super-rate transparent data speeds, framed E1, E3 and fractional E1 services, analogue voice transmission with signalling.
- The above range of services shall be extended in the near future with frame relay, ATM access, LAN-to-LAN, VPN (Virtual Private Networking) and other value added services for data, voice, video and multi-media application facilities.

Bidders are required to offer fully integrated system-solutions, based on a single Network Management System, 1/0 DMC's, flexible multiplexers and local loop driving and terminating equipment. The complete MLLN project will include 54 nodes country-wide and 26 nodes in Budapest by the end of 1996, of which 19 and 6 nodes, respectively, shall be established by the end of 1995.

Interested companies and consortia, who have the capability to complete this project may inspect the Tender Documents and may purchase them from 1st September, 1994 at the following address:

INTELTRADE CO. LTD.

Mrs. Márta Gabriella Tóth, Sales Executive
Budapest, II, Medve utca 25-29, 1027 Hungary
Tel.: (+36-1) 201-0054

Fax: (+36-1) 201-0017 or 201-0008

upon payment of a non-refundable fee of USD 400 (domestic companies shall pay HUF 44,000). Remittances shall be made to the account # 217-98931/2949-008 kept by Inteltrade Co. Ltd. with Citibank Budapest. The following reference shall be made:

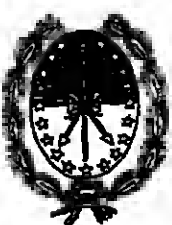
Tender No. IT-204/TMG

The tender documents will be available upon presentation of the receipt of the effected remittance. Bidder may ask for mailing the Tender Documents to his address, if he sends the above receipt to Inteltrade and undertakes to pay the mailing costs.

Bids shall be delivered to the above address not later than 11:00 a.m. on 1st November, 1994.

All bids shall be accompanied by a bid security of not less than 300,000 USD or its equivalent in any freely convertible currency.

Only those bidders will proceed to the evaluation of their bids who meet the postqualification criteria which is stipulated in the Tender Documents.



ARGENTINE REPUBLIC

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PROGRAM FOR THE DEVELOPMENT OF THE ROAD SYSTEM FOR THE PROVINCE OF SANTA FE
KUWAIT FUND FOR ARAB ECONOMIC DEVELOPMENT

PUBLIC INTERNATIONAL BIDS FOR CONTRACTING THE EXECUTION OF WORKS



Official Budget: \$ 11,079,392
Term of execution: 15 months
Price of the Bid Document: \$ 3,600
Opening: October 4, 1994
Time: 11 A.M.
Place for the Reception and Opening of the tenders: COMUNA DE VILA (Santa Fe Province) at the place and time set for said act.



Official Budget: \$ 4,398,370
Term of execution: 10 months
Price of the Bid Document: \$ 1,450
Opening: October 7, 1994
Time: 11 A.M.
Place for the Reception and Opening of the tenders: COMUNA SOLDINI (Santa Fe Province) on the day and time set for said act.



Official Budget: \$ 3,269,000
Term of execution: 12 months
Price of the Bid Document: \$ 1,100
Opening: October 14, 1994
Time: 11 A.M.
Place for the Reception and Opening of the tenders: COMUNA GOBERNADOR CRESPO (Santa Fe Province) until the day and time set for said act.



Official Budget: \$ 9,492,680
Term of execution: 18 months
Price of the Bid Document: \$ 3,000
Opening: October 6, 1994
Time: 11 A.M.
Place for the Reception and Opening of the tenders: COMUNA San Martín de las Escobas (Santa Fe Province) until the day and time set for said act.



Official Budget: \$ 7,923,000
Term of execution: 12 months
Price of the Bid Document: \$ 2,600
Opening: October 11, 1994
Time: 11 A.M.
Place for the Reception and Opening of the tenders: COMUNA Villa Mugueta (Santa Fe Province) until the day and time set for said act.



Next Bids for the Program

- Provincial Road N° 91, section: Bustinza - Totoras
- Santa Fe Circunvalación Avenue, section: Highway AP-01 National Road N° 11 (North).
- Provincial Road N° 39, stretch: San Javier - National Road N° 11, section: San Javier - Arroyo Saladillo Amargo.
- Provincial Road N° 39 - stretch: San Cristóbal - Crespo, section: San Cristóbal - Km 25+000
- Provincial Road N° 39 - stretch: San Cristóbal - Crespo, section: Km 25+000 - Río Salado.

U.S. Policy on Cuba: Castro Holds the Key

But Neither Havana Nor the Refugees Seem Ready to Help Solve the Crisis

By Daniel Williams
Washington Post Service

WASHINGTON — Clinton administration policy toward Cuba is adrift, and rescue for Washington is up to the unpredictable Fidel Castro and thousands of potential refugees.

The administration's radical shifts on treatment of refugees, undertaken largely to calm do-

face of congressional hard-liners and still harboring hopes of electoral gain in Florida, set aside such proposals. Instead, he in effect prolonged the policy of his predecessor, George Bush, holding that Mr. Castro would eventually fall.

All this puts Mr. Clinton in the uncomfortable position of depending on the kindness of strangers. Either Mr. Castro or the refugees must change their mind. Lacking incentives from Washington, neither has given indications of doing so.

The question of time is pressing because Washington has decided to lock up Cubans at Guantanamo until they can be repatriated to Cuba. For some, that could be a life sentence.

Mr. Clinton's policy was not driven by a contemplation of what to do about Cuba, officials said, but rather by a desire to avoid a repeat of the 1980 Mariel influx of refugees. When making his decision to reverse refugee policy, Mr. Clinton reminisced to aides about his experience as governor of Arkansas, when 20,000 Cubans were held at Fort Chafee, Arkansas, and some escaped into nearby neighborhoods. The incident helped cost Mr. Clinton his re-election.

The memory makes him averse to putting any Cubans on U.S. territory anywhere, officials say.

Washington is unwilling to meet Mr. Castro's key demand, for talks. In fact, ignoring the long-standing advice of liberals in his own party, President Bill Clinton has adopted a more confrontational posture toward Cuba than his Republican predecessor.

Talks await democratization, the political equivalent of asking Mr. Castro to commit suicide. "Talks are not useful because this is not a problem to be resolved between the United States and Cuba," Mr. Tarnoff said in an interview. "Castro must listen to what his own people are saying."

The new policy on fleeing Cubans is burdened with contradictions. Proclaiming loudly that Mr. Castro would not be allowed to set American immigration policy, the administration has let him do just that.

The current crisis began when Mr. Castro had local authorities allow Cubans to set off on makeshift rafts and small boats across the 90-mile (145-mile) Florida Straits. The resulting surge in refugees led the administration to halt admittance of Cubans.

In one sense, that represented a victory for Mr. Castro. He had long regarded entry for Cuban exiles to the United States as a source of instability in Cuba. People were always trying to leave.

By letting people flee, he basically told Washington that if it wants to accept Cubans indiscriminately, he can send over more than they can handle. They now are being sent to a rapidly swelling camp at the U.S. naval base at Guantanamo Bay in southeastern Cuba.

Mr. Castro has also demanded that the United States accept higher numbers of legal migrants through its office in Havana. Attorney General Janet Reno said Wednesday that she was looking into ways of doing so.

The turnaround in immigration policy also unleashed political waves in Florida that led to a ratcheting up of economic and diplomatic pressure on Mr. Castro's government. Stung by complaints from rightist Cuban exile leaders in Miami that it was unfair to punish just the refugees, and not the government they fled, the administration eliminated exile visits to the island and banned gifts of money sent from the United States. Both steps were meant to stem the flow of hard currency into the country's economy.

The measures represented a rejection of recommendations that have been coming from middle-level State Department officials and some Democrats. They urged that Washington engage Mr. Castro, to avert either chaos surrounding his possible downfall or just the kind of crisis that is under way.

But Mr. Clinton, timid in the face of congressional hard-liners and still harboring hopes of electoral gain in Florida, set aside such proposals. Instead, he in effect prolonged the policy of his predecessor, George Bush, holding that Mr. Castro would eventually fall.

Anti-Kim Movement Discounted

Compiled by Our Staff From Dispatches

SEOUL — A leaflet attacking North Korea's leader, designated Kim Jong Il, seems to be the work of disgruntled individuals rather than a power group, officials in South Korea said Thursday.

A senior presidential official said there were no indications that Mr. Kim had had any problem succeeding his late father, President Kim Il Sung.

Western diplomats confirmed that leaflets against Mr. Kim had been scattered at several embassies in Pyongyang last weekend.

The leaflets, whose full contents are not yet known, contained a passage asserting, "No hereditary succession of power can be permitted in a socialist country."

Such criticism may have come from supporters of orthodox Marxism-Leninism rather than the so-called self-reliance ideology of the late president.

Some defectors from the North, kept in the custody of intelligence authorities before being presented to the public here, have said students scattered subversive leaflets.

Mr. Kim, 52, was groomed for more than two decades as his father's successor and continues to be hailed as such by Pyongyang's official media.

But he still has not been confirmed in key positions his father held until his death July 8. These are state president, general secretary of the Korea Workers' Party and head of the party's military commission.

Meanwhile, the Seoul Broadcasting System quoted an unidentified senior government official as saying that Pyongyang had stepped up ideology education among its cadres.

"This is an indication that after Kim's death, ideological confusion in the North is more serious than previously known," the official was quoted as saying.

Meanwhile, a Japanese Olympic Committee official on Thursday said he had been told that North Korea was withdrawing as host of next year's East Asian Games.

(AFP, Reuters)



Soon-to-be Cuban refugees tossing coins into the ocean. They are asking their goddess of the sea for safe passage.

CUBA: As Exodus Continues, U.S. Rebuffs Castro on Refugee Negotiations

Continued from Page 1

States as well as us," said Mr. Castro, who took power in 1959.

The Cuban leader said the main factors fueling the exodus were the embargo and Washington's failure to allow in more Cubans who apply for visas in Havana.

President Clinton pulled the welcome mat from under Cuban refugees a week ago, but more than 10,000 have flooded out of Cuba since that announcement.

The Coast Guard said 476 Cubans were picked up before dawn Thursday in the Florida Straits.

Pentagon officials estimated Thursday how much it would cost American taxpayers to detain tens of thousands of Cubans and Haitian refugees at the Guantanamo Bay Naval Base in Cuba. They said it would cost \$100 million to prepare the base to hold 45,000 refugees, and \$20 million a month to feed and shelter them.

Mr. Tarnoff, who has been the State Department's chief voice on Cuba with Secretary of State Warren M. Christopher on vacation, had a harsh reaction to Mr. Castro's speech, saying, "Once again, there was an attempt by the Cuban leader to lay

the responsibility for the crisis in Cuba at the foot of the United States."

"We simply reject that premise," he said, "and that is the reason that we do not believe it is useful to have a dialogue with Castro."

In turning down such talks, the administration is following the policy advocated by the Cuban-American National Foundation, the nation's most powerful Cuban-American organization, which favors a worldwide economic embargo of Cuba rather than negotiations.

SENATE: Democrats Succeed in Winning Vote to Advance Crime Bill

Continued from Page 1

a barnyard, all right!" he shouted, and likened opposition arguments to manure.

On health care, the news for Mr. Clinton was not as sweet. The decision to send the Senate home appeared to reflect a growing reality: After months of public debate and private negotiations, no real progress has been made to bridge the gap between those who, like the president, favor firm steps toward universal coverage and those who do not, including many Republicans.

The House has already adjourned until after the Labor Day holiday Sept. 5, and the Democratic leader of that body, Thom-

as S. Foley of Washington, has said he is willing to consider a very narrow health insurance bill rather than pressing for Mr. Clinton's broader package.

Senate Democratic leaders cautioned that the time off would be used to continue negotiations among key Democratic and Republican senators, and an optimistic White House official declared Thursday: "I don't think going home is going to be the death knell of health care."

Mr. Clinton's chief of staff, Leon E. Panetta, seemed resigned to the delay. "I think," he said, "it may be healthier for everyone to be able to take this break and to have the key parties continue to

negotiate in what I think will be a quieter atmosphere, which is probably what we need."

But many analysts see few prospects for a vote on health care before the November congressional elections. If that is true, the centerpiece of Mr. Clinton's legislative agenda for 1994 would be all but dead. And some Democratic members of Congress may be open to attacks from Republicans that they failed to deliver on their promise of health care reform.

According to one report, Mr. Clinton has discussed suspending debate on health care until next year with his key Democratic allies in Congress.

PARIS: Significance of Liberation Is Again Apparent

Continued from Page 1

sent. Just as de Gaulle insisted that it was an all-French affair in 1944, it was an all-French occasion on Thursday.

Over the last week, ceremonies have recalled key moments of the Communist-led insurrection that eventually prompted tens of thousands of Parisians to build barricades across the city and turn against an enemy that, in Paris at least, had until then faced minimal resistance.

On Thursday night, before a fireworks display along the Seine and a massive "populair" celebration in the Place de la Concorde, it was the moment to honor General Leclerc's Free French forces, which landed in Normandy on Aug. 1, 1944, and, at de Gaulle's insistence, were ordered by the Allied command to take Paris.

Huge crowds were expected to turn out again on Friday to watch 7,500 children from across France symbolically reenact de Gaulle's triumphal march down the Champs Elysees on Aug. 26, 1944.

Indeed, it is a measure of de Gaulle's impact on modern French history, both as the head of a provisional government until January 1946 and later as president from 1958 to 1969, that French politicians are to this day still wrestling to inherit his mantle.

As a Socialist, President Francois Mitterrand always opposed him. But the two main contenders to succeed Mr. Mitterrand in May — Jacques Chirac, the mayor of Paris, and Prime Minister Edouard Balladur — are Gaullists, and both have sought maximum political advantage from this week's anniversary.

The politics of today, though, are little compared with the political maneuvers that preceded and accompanied the liberation of Paris. Before D-Day, de Gaulle had to fight Washington's desire to impose a military government on France as if it were an occupied territory. By mid-August 1944, as the Battle of Normandy was finally ended, he again had to insist that Paris be freed.

De Gaulle's suspicion of the Allies, though, was matched only by his distrust of the Communists, who dominated the Resistance in Paris. And when the National Police seized the police headquarters on Aug. 19, 1944, de Gaulle's greatest fear was that the Communists would liberate the city.

Until that moment, while many German officers and troops had already left the city, Paris itself had hardly stirred.

As late as Aug. 11, nine French Jews were arrested by the French police in Paris. On Aug. 16, collaboration newspapers were still published. And, although food was in short supply, sidewalk cafes were crowded.

But on Aug. 22, despite de Gaulle's call for patience, the insurrection of Paris began under the leadership of Henri Rol-Tanguy, a lifelong Communist now known by his nom de guerre, Rol-Tanguy. And, as the remaining 16,000 or so German troops sought refuge in a handful of military strongholds, de Gaulle finally won Allied approval for General Leclerc to take Paris.

In the battle of Paris, 1,500 French died, while some 3,200 Germans were killed and 12,800 captured. On the afternoon of Aug. 25, the German commander, General Dietrich von Choltitz, signed the surrender document. One hour later, de Gaulle was furious to see that, along with General Leclerc, Rol-Tanguy had also witnessed the signing.

But de Gaulle had already written the official history of the city's "unshakeable will to fight and conquer," of the way "it was liberated by its own effort united with the avant-garde of the French Army."

But it was perhaps Albert Camus who best explained the significance of events here 50 years ago. "Paris fights today so that France can speak tomorrow," he wrote.

CHINA: Business Faces Dilemma Over Human Rights

Continued from Page 1

status in late May. Human rights groups want American companies in China to adopt a code similar to the Sullivan principles that pushed U.S. companies in South Africa to undermine racial segregation laws at the workplace, develop black housing and support black education and training.

Such a code in China would be able to guarantee decent working conditions, renounce prison labor and commit U.S. executives to actively promote human rights and lobby Chinese authorities on behalf of political prisoners.

The code would mean not only keeping people such as Mr. Gao on Chrysler's payroll, but also would call for executives such as Mr. Eaton to intervene on their behalf when they are detained.

That sort of action is far from the minds of most executives when they come to China seeking big contracts. When the DuPont Co. chairman, Edgar S. Woolard Jr., met with President Jiang Zemin here earlier this month, he did not broach the

subject of political prisoners or human rights.

"We have the exact same objective of improving the quality of life of people in China," Mr. Woolard said after the meeting. He added that it was "inappropriate for business people to be involved when governments are involved in these issues."

Many corporate executives say the business of business is business, not human rights. Norman P. Givanti, a Shanghai-based American lawyer, calls a code of conduct "a foolish gesture" designed to "mollify domestic constituencies" in the United States and a form of "moral posturing."

"The image reminds me of American missionaries in the 19th century preaching to Polyannians to wear clothes," he said.

Robert A. Kapp, head of the U.S.-China Business Council, said that while he accepts the notion that "business has moral responsibilities," he rejects a corporate code of conduct as "relic of old-style U.S. attitudes toward China; it assumes

that China's domestic social situation is America's to mold."

Many business leaders fear that a human rights stance would cost them opportunities in China. "A code of conduct would be viewed by the Chinese government as another attempt to influence Chinese domestic politics and would be detrimental to U.S. business," said Zhuang Nanbin, a public affairs executive for AT&T China Inc. "Our competitors, they don't have this problem."

Human rights advocates say U.S. companies need not fear retaliation because of the size of their investment in China and because the U.S. market absorbs about a third of Chinese exports. "They are in a position to use the considerable clout that they have," said Richard Dicker, Human Rights Watch associate counsel.

A handful of U.S. companies — especially those with name-brand products, including Sears, Roebuck & Co. and Nike Inc. — have adopted codes to protect their image. In 1993, Levi Strauss & Co. and Timberland Co. broke off business ties here because of human rights violations.

Rwanda Rebel Head Is Hailed for Tactics That Defeated Hutu

By Steve Vogel
Washington Post Service

KIGALI, Rwanda — When Paul Kagame, commander of the Rwanda Patriotic Front with the rank of major general, heard on April 6 that a plane carrying the presidents of Rwanda and Burundi had been shot down, he summoned his top commanders and told them to brace for trouble.

The unexplained plane crash was followed by a murderous campaign by extremists of the majority Hutu tribe within the government against Rwanda's 14 percent Tutsi minority. An estimated half-million Tutsi and moderate Hutu were slaughtered. In retrospect, the crash also was the signal for renewal of the country's quietest but not forgotten civil war.

Within a day, General Kagame launched an offensive that would sweep the east from power, put an end to one of the country's most ferocious slaughters and trigger a refugee exodus of equally historic proportions.

In the process, General Kagame, 37, now Rwanda's vice president and defense minister, leaped from obscurity into modern military history.

In little more than three months, his Tutsi-led force defeated a government army that, at 30,000, outnumbered his guerrillas roughly 2 to 1 at the start of the fighting. The government army also was trained and equipped by the French military and had tens of thousands of armed Hutu militiamen in reserve.

Behind the rebel victory lay years of careful preparation and training, plus a campaign so tactically well executed and strategically clever that it is receiving attention from military schools, according to military observers.

"In my opinion, it will certainly be a useful tool in staff colleges on low-intensity warfare," said Major General Romeo Dallaire, the Canadian who commanded UN forces in Rwanda during the past year.

"Kagame is an intellectual figure. I would rate him as a first-rate operational fighter," said Colonel Jim McDonough, the commander of American forces in Rwanda and a former director of the U.S. Army School for Advanced Military Studies. "He understands discipline. He understands speed. He understands mobility."

By April 7, the day after the presidential plane was shot down, General Kagame was receiving numerous reports that a pogrom was under way against Tutsi and that the Presidential Guard had murdered Prime Minister Agathe Uwilingiyimana. A 600-man rebel contingent based in Kigali under a previous truce agreement was taking fire.

General Kagame said he ordered troops from four of his battalions to move to assembly points in northern Rwanda, territory controlled by the rebels since they first invaded, from Uganda, in 1990.

"I knew by the time they assembled, I would have assessed the situation to the point of making the decision to move or not to move," he said. "But of course, with every single hour

that passed, the situation was deteriorating. By the time we reached the assembly points, the country was already in chaos."

General Kagame decided to move, and the force headed south. A large government force of seven battalions was near the northern city of Byumba, but General Kagame bypassed it to the west.

The rebels took four days to cover the 40 miles to Kigali, moving entirely on foot and carrying their equipment on their backs. A second prong was directed eastward.

Throughout the war, all the rebel movements were on foot, and they fought with mostly East European weapons — reportedly obtained in Uganda — as well as with howitzers, mortars and recoilless rifles, captured from government troops.

The government forces had modern French-supplied armaments in their arsenal, including armored vehicles and helicopters, but they soon ran short of ammunition and their stocks were not replenished — the result of a UN-mandated arms embargo put in place in May.

The rebels scored a key early victory: Despite heavy assaults by government troops, the outnumbered rebel battalion in Kigali managed to break out of its compound near the Parliament building and link up with rebel reinforcements.

Most observers of the war assumed that rebel forces were preparing an assault to capture the capital. But General Kagame had other ideas.

Much of the government force was concentrated in and around Kigali.

"If I put all my forces into Kigali, I would be sucked into pitched battles that would go on for a long time," General Kagame said. "I would lose my other objectives of capturing territory and saving the people."

At the same time, General Kagame put enough force into Kigali to harass government troops and prevent them from reinforcing other areas of the country out of fear that the rebels would then take the city.

While leading government forces to believe they were focused on Kigali, the rebel troops, whose numbers had grown to around 25,000 as the fighting continued, instead were sweeping through eastern Rwanda, moving south swiftly but careful to consolidate their advances.

As rebel forces in the east began an enveloping move below Kigali, putting a squeeze on the capital, diplomats and military observers realized a rout was on. Then it was a function of whether the rebels would stop, said one. They did not.

On July 4, with the government army collapsing, rebel forces captured Kigali and, to the south, seized the city of Butare. In the days that followed, hundreds of thousands of Hutu took flight as the rebels advanced on several fronts. More than a half-million fled the first rebel advance on Gisenyi, on the border with Zaire, where the Rwandan government had taken refuge.

The rebels declared the war over July 18.

RWANDA: 'State of War'

Continued from Page 1

we are going beyond that degree."

In recent days, the French Red Cross suspended all its relief operations following death threats to its staff. The agency also postponed further aid flights into Goma.

Five looters caught stealing food were hanged to death on Tuesday by refugees wielding machetes in the camp of Katshe, where 300,000 people are living. Originally thought to be Zairians, they were later discovered to be Hutu militiamen stealing from their own people.

UN staff members have had rocks thrown at them and have warned that food riots could be imminent.

Kris Janowski, another spokesman for the commission, said: "The security situation has worsened considerably, and we are very concerned about the safety of our staff."

"The situation is almost out of control." (Reuters, AP)

HUTU: In One Region, a Peaceful Life Is Returning

Continued from Page 1

may not dictate the future. One recent day, as tens of thousands of Rwandans streamed toward Zaire, the residents of Shara, near the Zaire and Burundi borders, met in the local Methodist church.

Should they too leave, they asked one another? The villagers, mostly Hutu and some Tutsi, have suffered the same scourge as the rest of the country for the last four months — Hutu mobs killing Tutsi; rampant looting and destruction by government soldiers as they fled in defeat, and anxiety about the departure of French soldiers who brought a degree of tranquility.

But they resolved not to flee and even decided to send word to those who had fled to Zaire that it was safe to come home.

"I will not go, for sure," said Hope Uwimana, 23, a Hutu. Nearly all of those fleeing southwestern Rwanda in recent weeks have been Hutu who fear the worst when soldiers of the new government, which is controlled by the Tutsi-led Rwanda Patriotic Front, move in.

"I'm not afraid of the RPF," Miss Uwimana said, reflecting a sentiment not often heard here these days.

The woman, who wants to be a primary-school teacher, has more reason to fear than most. At the time of the killings, her father was mayor of Bugarama, a commune that includes Shara. She said he had tried to prevent the killings, but it is not known how the new government will treat former officials, and her father has fled to Zaire.

The Tutsi here also feel safer. "I am not afraid, otherwise I would have left," said one of Miss Uwimana's neighbors, Cassilda Mukarugero, who was holding her 18-month-old granddaughter.

The child's father — one of Mrs. Mukarugero's sons — was killed in April. Five of her six sons were killed, and two of her three daughters. So was her husband. They were Tutsi. The daughter who survived is married to a Hutu; her husband paid troops not to kill her.

"We are trying to forget the past," Mrs. Mukarugero said. The trauma for this village, as for the country, began after President Major General Juvenal Habyarimana died April 6 in a suspicious plane crash.

Within hours, Hutu militia forces and government soldiers began killing Tutsi and moderate Hutu who opposed the government. The killing started in Kigali, the capital, then spread.

Around April 13, the killings started in Bugarama, six miles south of here. Miss Uwimana said her father, Meschack Kamanzi, appealed to the provincial governor and local paramilitary commanders to stop them, but they did nothing, and her father was ordered to stay in his house in Shara. Other villagers also said that Mr. Kamanzi tried to stop the killings.

Elie Ruganintwali, 29, a theology student at the University of Rwanda in Butare who was in Shara on vacation, said residents conducted night patrols, Hutu and Tutsi together.

But by April 16 there was nothing they could do. More than 100 militia forces attacked

the village, coming up the dirt road from Bugarama. A truck filled with troops led the way. Mr. Ruganintwali said, followed by two columns of men on foot and another truckful.

He said he recognized some men as members of the Interahamwe, once a youth wing of the National Revolutionary Movement for Progress, the ruling political party at the time. But with arms and training from the Rwandan Army, the youth wing became a government militia.

"They killed my brother-in-law," said Vedaste Bakuru, 15, who was playing with friends Monday in front of Mrs. Mukarugero's mud-walled house. His family is Hutu, but his brother-in-law was Tutsi.

One of his friends, a 16-year-old named Michel Sibomana, said his brother had been killed because he was hiding a Tutsi friend.

Daniel Ndashyuye tried to protect the village schoolteacher, a Tutsi, and his children. The man's wife, who was found hiding in another Hutu's house, was killed. The militia also found the teacher in Mr. Ndashyuye's house, took him down into the valley and killed him, Mr. Ndashyuye said.

But Mr. Ndashyuye, who has four children of his own, was able to save five of the teacher's children. He took the two oldest boys, who were at the greatest risk, to Zaire, paying bribes at the militia checkpoints that were ubiquitous in those days.

"Soon we will go and get them and bring them back here," said Mr. Ndashyuye.

On September 6th, the IHT will publish a Sponsored Section on

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Among the topics to be covered are:

- Possible alliance among four of the world's largest shipping companies.
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Reprints of this section will be distributed at the Shipbuilding, Machinery & Marine Technology Exhibition and Conference in Hamburg from September 27-October 1.

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Herald Tribune

1955: the Super Constellation

Frankfurt to New York

1970: Europe's first

number one airline

Europe's

get

into

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Yours

Herald Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

From Rwanda to Cairo

As you look at those terrible photographs from Rwanda — the endless lines of refugees, the starving children — perhaps you wonder about the causes of this tragedy. The Rwandan civil war is a military, political and personal in its execution; but these activities are playing out in a particular context: a merciless struggle for land in a peasant society whose pressures have put an unsustainable pressure on it. As recently as 1950, Rwanda's population was 2.4 million. This year, before the killing began, it was 4 million. Its birthrate is twice the worldwide average and three times that of the United States.

Since 1950 the world's population has doubled. In many countries that increase has been accommodated comfortably with peace and rising prosperity. But in the most fortunate countries are in the middle upper levels of the income scale, with expanding industries to provide jobs. Rwanda is typical of much of Africa, north and south, where the number of people has tripled since 1950. There are other recent examples on the continent of similar stress that has ended in disease, famine and war. And not only in Africa but elsewhere in the world. The total population of the planet, now about 5.6 billion, is rising on a path that will take it to 8 billion in one more generation, by

2025. Most of the newcomers will be born into the societies that are the least able to employ them. The World Bank estimates that about 70 percent of the increase will be in countries with average incomes of less than \$700 a year — that is, at best no richer than Egypt, where the United Nations conference on population will be held early next month.

One consequence of high birthrates in the poor countries and low rates in the rich ones is already very visible. The pressure of immigration on the rich is rising. The boat people trying to make their way perilously to Florida are only part of a much larger pattern. At the UN Cairo conference, the basic quarrel will be whether high birthrates constitute a threat requiring a worldwide response. The Vatican, many Muslim leaders, some American Protestants and some economists, among many others, argue vigorously that it is not.

They may be right regarding many parts of the world, but they are profoundly wrong about the countries where high birthrates aggravate extreme poverty. The way to judge the Cairo conference's work is to ask whether it will make any difference in the poorest countries — a list of about three dozen beginning with Rwanda, Iraq, Haiti and Nicaragua.

— THE WASHINGTON POST.

Misrule Batters Nigeria

The reckless soldiers who govern Nigeria seem to have a single response to anything that displeases them: Lock up everybody who is out of step, even if that means half the country. Since the country's independence, a question happens to be the most popular in Africa, a major exporter of oil and a volatile mix of a dozen cultures, 250 languages and three unstable regions, this martial misrule has to be of serious concern to Africa, Washington and the world.

It would appear that the army manual stipulates these rules for dividing, demoralizing and impoverishing a potentially great nation:

● If elections are held and voters favor the candidate least liked by the soldiers, then annul the election. That happened in June 1993 when the presumed winner was Moshood Abiola, whose victory would have ended a decade of military rule and for the first time allowed a transfer from the thriving southwest to serve as president.

● If the presumed winner refuses to accept defeat, then charge him with treason, hold him incommunicado and ignore court orders to produce him for a judicial hearing. That happened this June to Mr. Abiola, a wealthy entrepreneur and a Muslim whose generous benefactions have given him national standing and a national following.

● If newspapers publish what is obvious to everybody, that these steps have provoked an argument within the military, silence them. This has happened to a

score of publications in Lagos, including the well-respected Guardian, depriving Nigerians of an outspoken free press that has tempered military rule during 24 of the country's 34 years of independence.

● If oil workers demand Mr. Abiola's release and call a strike, fire the union leaders. This happened after 90,000 oil workers struck, cutting by half the petroleum exports that account for fully 80 percent of government revenues. But the dismissed labor leaders went into hiding and the protest action continues.

How aggravating it must be to General Sani Abacha, Nigeria's exceptionally inept ruler, that none of this has worked. A defiant federal high court judge has reinstated the dismissed union leaders. The Academic Staff Union of Universities has closed all the country's colleges until the government recognizes Mr. Abiola's election. Banks remain closed in much of the country despite government threats to revoke their licenses.

All this has prompted fresh arrests of scores of prominent Nigerians, including former ministers and army commanders, and an order dissolving the 5-million-member Nigerian Labor Congress. At this rate, most of the country may soon be in jail, and the entire economy may stultify to a standstill. Before this happens, Americans can only hope that General Abacha, after deep thought, will finally locate a major source of Nigeria's miseries, and arrest himself.

— THE NEW YORK TIMES.

Opportunity in Havana

Cuba thinks it sees a tactical opportunity in the outflow of its people toward the open sea and the American ships waiting there. Its ambassador to the United Nations hinted heavily on Wednesday that the stream of refugees would be permitted to continue until the United States agreed to negotiate an end to its sanctions against Cuba. That is an offer which the United States ought to seize and exploit.

The Cuban government argues that its people are fleeing because of the increasing hardships on the island, and that the hardships are created by the American blockade. Cuba cannot be the guardian of the U.S. borders, its ambassador piously said, but it is always ready to participate in the effort to prevent the flow of refugees. The Clinton administration would be wise to accept immediately but insist on a broader agenda than the ambassador had in mind. It makes good sense to offer Cuba a gradual relaxation of the sanctions in return for progress toward democracy.

Cuba is one government with which Washington has been unwilling to negotiate constructively over human rights. The United States is willing to trade (on a page scale) with China and to offer recognition even to North Korea. Why not Cuba? Because there are a great many Cuban-Americans who want to see American power used to force Fidel Castro out and who object furiously to any diplomatic relationship or overture that their view might seem to legitimize his regime. But the deteriorating conditions in Cuba are inflicting real misery on its people. Americans need to ask themselves what they want to pursue in Cuba: democracy or mere vengeance.

Some 70 American vessels are now at work plucking Cuban refugees off their boats. Thousands are already in American ships or at the Guantanamo

base. More are coming. At a White House briefing, the administration was asked whether these refugees are going to be kept in the detention camps until Mr. Castro has vanished. "Our policy is that they are to be detained for an indefinite period," an official answered. That is a troubling prospect.

Refusal to negotiate with Mr. Castro leaves the initiative wholly in his hands, enabling him to create spectacles like this exodus, risking many lives and, out of incidentally, imposing an enormous diversion of attention on an administration that has other things to worry about. For the sake of the Cuban people, it is time to start bargaining with the Castro regime over civil rights and democracy. That might also prove to be the most effective way to push Mr. Castro out of power.

— THE WASHINGTON POST.

Other Comment

Yeltsin's Caution Is Welcome

President Boris Yeltsin's insistence that under no circumstances will Russia invade the breakaway region of Chechnya in the volatile Caucasus region is a tribute to his political intelligence. It shows an admirable measure of backbite in the face of a possible backlash from Great Russian nationalists who might fault him for failing to respond forcefully to the virtual secession of one of Russia's 89 republics and regions. "Intervening in Chechnya's affairs with force is out of the question," says Mr. Yeltsin. "This would be so messy and bloody that no one would forgive us." Too rarely do politicians get due credit for the disasters that they successfully forestall.

— The Bangkok Post.

Nuclear Black Market: Much Ado About Not Much

By Josef Joffe

MUNICH — Psst, wanna build a bomb? Come to Germany, it's hog heaven for plutonium, lithium and other goodies that go into the making of nuclear or even thermonuclear weapons.

Fortunately, that is poppycock, even though German authorities have counted 440 illicit nuclear deals since 1991.

That is a startling number, but on closer inspection the incidents do not add up to Apocalypse Now.

It is grams and micrograms, a few drops of caesium here and a handful of lithium there. And the big haul that Munich police proudly presented this month — "the biggest-ever plutonium find in Germany, and probably in the world" — was not the real stuff.

It was 300 grams of mixed-oxide fuel, a blend of natural (non-bomb) uranium and plutonium that powers civilian reactors. A terrorist, even a state like Libya, would have a very hard time separating the bomb-grade plutonium from the rest of the fuel.

Earlier in the summer, the world was similarly shocked with tales of plutonium and uranium hush in Germany. On closer inspection, the catch turns out to be six grams of the ore and less than one gram of the other. If you want to build a bomb this way, you would have to be very patient. Since your average terrorist

is not exactly a bomb Meister, he would have to acquire at least nine kilograms of pure plutonium metal. Even then, his problem would only begin.

The basic recipe he can get from a public library. After that, it is precision work of the highest caliber that only an advanced economy can master — machining a perfect plutonium sphere, surrounding it with a decent neutron reflector, enveloping it with high explosives of all which must go off in the same millisecond to compress the core into a critical mass. Carlos could not do it, and neither could Libya.

So why the excitement that galvanizes European and American newsmagazines to lead with cover stories such as "Nukes for Sale" or "The Blackmailers' New Weapons"? Is Russia really flooding the market with bomb-grade material? And is Germany really the place where the likes of Iraq or Hezbollah are heading with their nuclear shopping lists?

Hardly. "The European market," a German expert told Newsweek, "consists almost exclusively of undercover policemen." The chief prosecutor of the city-state of Bremen confirms: "There is no evidence of a genuine market for plutonium in Germany."

In other words, it is Amateurs Hour rather than Armageddon — a story of countless sting operations netting desperate small-timers in search of instant riches.

An investigating commission of the German Parliament might well ponder why this is so — why the police and the secret services are creating a climate of doom in the name of law enforcement.

Cynics have a quick answer. The government is pushing hard for legislation that would give the intelligence services extensive new powers of domestic surveillance currently not sanctioned by the constitution. What better way to convince the skeptics than to foster visions of imminent nuclear disaster?

But if there is a danger, it is neither clear nor present. Although it may well be true that corruption in Russia is rising while the state's grip is loosening, there is no evidence that bomb-grade material is slipping out of the country in significant quantities.

Nor would this be very plausible. As a nuclear power, Russia has absolutely no interest in sharing its exalted place with the nuclear wannabes of this world. Yes, there is leakage from Russian laboratories and power plants, and some of the stuff ends up in Europe. But the last thing Boris Yeltsin will countenance is

the looting of well-guarded Russian plutonium stores for private gain and profit. Nor is there a real demand that would get the well-organized Russian underground into the game. Terrorists can wreak havoc much more cheaply with that blend of fertilizer and diesel fuel which almost wrecked the World Trade Center in New York. And rogue states are not interested in a few kilos of plutonium.

They don't want one or two bombs, which would invite deadly preemption, but a whole fuel cycle, which would yield nuclear independence and an arsenal large enough for dispersion and concealment.

Nonetheless, Russia and the West should take notice. Sometimes, drops do presage a flood, and hence it is high time to put in place all those dams that we have discussed for years — from a functioning accounting system (there is none in Russia) to physical safeguards installed at storage sites, border posts and airports. For nuclear disarmament is now releasing about 100 tons of pure plutonium a year. In the hands of experienced bomb makers, that is good for up to 20,000 bombs.

The writer is foreign and editorial page editor of Süddeutsche Zeitung. He contributed this comment to the International Herald Tribune.

Why Hafez Assad and Yasser Arafat Have to Be Taken Seriously

By Stephen P. Cohen

MONTREAL — Yasser Arafat makes all the decisions for the new Palestinian authority. This frustrates many Palestinians, the Israelis and virtually all foreigners and world economic institutions.

President Hafez Assad is, of course, the supreme authority in Syria. Outsiders so much emphasize this fact that they have trouble believing that he has political constraints other than his own inhibitions and rigid positions.

Both leaders are determined to pursue peace by using the very ideas and methods that they have exploited to retain power in the long years of the conflict. They are convinced that their mastery of internal political complexities and of inter-Arab rivalries, and their careful modulation of the conflict with Israel, have enabled them to survive in this watershed.

Their peoples, including their harsh critics, share their basic assumption that only they can bring peace to their nations. Israeli and American officials are convinced that these leaders are essential. With Mr. Arafat, this acceptance is grudging; with Mr. Assad, it is grudging and respectful, but wary.

However, in light of Syrian and Palestinian Liberation Organization terrorism, Israeli and American public opinion understandably shares the grudging more than the acceptance. These Israelis and Americans believe that peace can succeed only if Mr. Arafat and Mr. Assad abandon their old methods and concepts.

Thus, while they acknowledge that Mr. Arafat is the decision-maker, they prefer to deal with his politically weak advisers. That is often a mistake, because the advisers, angry over Mr. Arafat's habit of using money, jobs and threats to control them, can and do provide advice that is more misleading than helpful.

Mr. Assad is admired for his strength, but his critics think that his conceptual world is rigid and outdated. His emphasis on a comprehensive peace is seen as empty rhetoric, with a touch of a dream of Syrian hegemony.

At most, it is accepted as a euphemism for Syrian influence in Lebanon. It is not seen as a shrewd, practical strategy for managing conflict, either within Syria or with Arab rejectionists. Mr. Assad's talk of popular support is dismissed by the West as a code word for iron-fisted control and intimidation.

The politics of an autocratic state are certainly not the politics of a democracy, but there are political processes nonetheless. Not only does Mr. Assad seek to maintain his monopolistic control over the multiplicity of military and security forces, he also strives to balance rival ethnic groups and regional interests. Most of all, his politics are the politics of maintaining the rationale for rule. Regimes can become captives of their own dogmas and claims.

If Syria is the "beating heart" of the Arab world, as Syrians always say, and is preeminent in the struggle against Israeli dominance, then Mr. Assad must explain his peace initiatives to cadres of activists who have followed that dogma.

The cynical are not as hard to deal with as those who believe too fiercely or those who have built their lives and livelihoods around the maintenance of the security state and the conflict.

Middle East peace is not arriving through the excitement of popular upheaval and overthrow of regimes as in Eastern Europe. On the contrary, peace is a central part of a calculated policy to prevent such upheaval and chaos. It is a strategy of change to preserve the leaders' rule and to reinforce it as the barrier to extremism and internecine warfare.

Popular upheaval would mean that extreme anti-Western movements that invoke Islam would come to power. It would mean the eruption of ethnic and political rivalries that could tear the soci-

eties apart and wreak revenge against former ruling groups.

There would be no wave of democracy and pluralism led by enlightened critics of the regime and supported by emerging Western-oriented middle classes. These forces are not yet politically strong enough to win in a no-holds-barred struggle for succession.

The West's desire is to see authoritarian rule replaced by democracy and respect for human rights. We want state socialism and corruption superseded by open-market economies. But to condition our diplomacy in any way on the prospect of such transformations may slow the peace process and bring to power the most bitter enemies of peace and Western values.

Like it or not, the two key figures for the removal of the ideology of hatred toward Israel are Mr. Arafat and Mr. Assad, who pursued that enmity with great effectiveness and ruthlessness.

In Washington in July, King Hussein of Jordan provided a respite from this hostility. His formal agreement to end 46 years of enmity toward Israel produced a wave of good feeling in Israel and America. His benign image is due in part to his Western manners and style, which contrast sharply with Yasser Arafat's deliberately provocative image.

But the other side of King Hussein's image is his weakness as an enemy of Israel. This heightens the contrast with Mr. Assad's insistence on military strength and unabashed willingness to use force.

Still, the king has played a weak hand with panache, dignity and determination. Now that he has played it, the West must hurry to strengthen it.

Mr. Arafat exploits his own weakness by mastery and maddening brinkmanship, his unique brand of guerrilla diplomacy. He uses his one credible threat again

and again — that if he fails, the extremists on the left and right will rise and chaos will ensue.

Mr. Assad flaunts his ability to make war while seeking peace. But he can deliver peace. The burden is on him to show that it can be done comprehensively, relatively quickly and with Israel as a full partner.

We should listen with close attention to Mr. Assad's analysis. He has led Syria and the forces of rejection almost throughout the period since the 1967 Arab-Israeli war. No one knows better than he how the logic and emotion of that rejection can be put to rest.

Perhaps the West should be a little more reticent in denouncing his strategies for controlling Hamas terrorism and building Palestinian institutions. Maybe it can be more creative in developing

economic strategies that fit his style of governing.

Israel's leaders are dealing with Arab leaders as they find them. Mr. Assad and Mr. Arafat have decided to make peace. There will be a time for different leaders with other values and practices that are closer to the West's. But we will never get to that promising next generation if we undermine today's leaders by burdening the present with our too lofty hopes for the future.

The writer is president of the Center for Middle East Peace and Economic Cooperation, a nonprofit organization in Montreal. He contributed this comment to The New York Times.

Expect a Syrian-Israeli Breakthrough Soon

THE Assad regime urgently needs Western aid since the demise of its superpower patron, the Soviet Union, and the drying up of migrant remittances and financial assistance from the oil-producing Gulf states. The promise of U.S. financial rewards will reinforce the perception in Syria that it must make peace with Israel.

With the Palestinian and Jordanian breakthroughs, Syria is isolated; Hafez Assad can no longer pose as the representative of a united Arab front. He is fully aware of the new realities of Middle Eastern politics and his dwindling options.

He is playing hard to get, hoping to win further concessions from Israel and induce the United States to recognize the strategic role of Syria in regional security and stability. But he cannot afford a return to the status quo that would pit him against a new alliance of Israel, Turkey, the United States and most of the Arab states.

Mr. Assad is conscious of the intricacies of Israeli domestic politics. Collapse of Syrian-Israeli peace talks would bring to power a far less accommodating Likud-led government.

A number of developments suggest that the Syrian regime is moving steadily toward closing the final bloody chapter in Arab-Israeli hostilities.

Mr. Assad has embraced the formula "full withdrawal for full peace." A Syrian official has confirmed that indirect contacts with Israel have been established. The Syrian government has undertaken a deliberate effort to prepare the public for peace. And Mr. Assad has shown restraint by not opposing the Palestinian and Jordanian accords with Israel.

Mr. Assad and Prime Minister Yitzhak Rabin both now accept the basis for a settlement — territory for peace; and Mr. Rabin seems to be edging toward accepting Mr. Assad's "full withdrawal for full peace" formula.

The deadlock in peace talks is more tactical than strategic, and will yield to U.S. intervention and tangible assistance to the socioeconomic and political development of the area.

The Clinton administration is courting Mr. Assad, coaxing him to make a deal. Bill Clinton has gone out of his way to reassure Mr. Assad that he is "personally committed to the achievement of a comprehensive peace" and recognizes that "Syria is the key to the achievement" of this goal. Secretary of State Warren Christopher has been shuttling between Damascus and Jerusalem, committing the political weight and prestige of U.S. diplomacy to the attainment of a treaty between the two sides.

For all these reasons, a breakthrough in the Syrian-Israeli peace talks is imminent. — Fawaz A. Gerges, a visiting fellow in the Near Eastern Studies Department at Princeton University, writing in the Los Angeles Times.

The Revisionists Err: The Bomb Was to Save Lives

By Chalmers M. Roberts

WASHINGTON — The brochure over the Enola Gay exhibit to open next year at the National Air and Space Museum here is but a forerunner of what we can expect on the 50th anniversary of the end of the war in the Pacific, after the United States dropped atomic bombs on Hiroshima and Nagasaki. I think it is important, in part because I was involved.

My small role had to do with the estimates of casualties should the United States have to invade Japan. I followed movements of Japanese kamikaze units by use of intercepted and decoded enemy military messages.

That led to estimating what Japanese planes might be available to attack American troops wading ashore on Kyushu, the westernmost main island, on Nov. 1, the date set for what was code-named Operation Olympic. I have been through a mass of now declassified data in the National Archives. And I have read the revisionists' arguments that such estimates were wildly inflated and, anyway, the real issue is the immorality of the atomic bomb and the racism that dropping it on the Japanese supposedly implies. (I feel certain that it would have been used on Hitler and the Nazis had it been ready in time.)

Context is vital in judging history. My generation can never forget the ferocity of Japanese defenders from Guadalcanal through the Philippines to the Marianas and, especially, Okinawa.

Indeed, the costly battle for Okinawa was on everybody's mind, from Harry Truman, the new president, down to me, a second lieutenant in the Army Air Corps working in the Pentagon. Why? Because the kamikaze attacks on our ships had extracted a terrible toll.

Kamikaze attacks sank some

30 vessels and damaged 368. More than 12,000 Americans died in taking Okinawa. The Japanese had 110,000 military and perhaps 150,000 civilian deaths, many of them suicides.

The Kyushu invasion was set for May 25, 1945, just after the German surrender in Europe. That casualties had long been on the leaders' minds is demonstrated by a passage from the autobiography of the journalist Joseph C. Harsanyi. He tells of walking into the White House office of Admiral William Leahy, Roosevelt's chief of staff, around Feb. 1, 1945, to be greeted with: "Harsanyi, how do you think the American people would react to half a million casualties on the beaches of Japan?"

That was well before Okinawa. More precise casualty estimates were worked up for a White House meeting, called by Harry Truman, on June 18 as the Okinawa struggle was ending. It was at this meeting that, according to the minutes, President Truman said he hoped "that there was a possibility of preventing an Okinawa, from one end of Japan to the other."

Admiral Leahy reported that in capturing Okinawa, U.S. troops "had lost 35 percent in casualties." The assault force planned for Kyushu numbered 766,700, and 35 percent of that — which Admiral Leahy said "would give a good estimate of the casualties to be expected" — would have come to more than 268,000.

General George C. Marshall, the army chief, extrapolated the casualty figure to conclude that defeating Japan, after landings in Kyushu and the main island of Honshu, would cost 500,000 to 1 million lives. Secretary of War

Henry L. Stimson used those figures. Harry Truman spoke after the war of a possible 250,000 dead and 500,000 wounded, his justification for using the atomic bomb to end the war without a terribly costly invasion.

From the Potsdam Conference in Berlin on July 18, 1945, Harry Truman wrote to his wife, Bess, that Josef Stalin had then agreed to enter the Pacific war on Aug. 15. To this, the president added: "I'll say that we'll end the war a year sooner now, and think of the kids who won't be killed!" This evidence does not fit the revisionist thesis that the United States used the bomb, in part at least, to intimidate the Soviet Union. It

was used to prevent casualties. Estimates surely were wobbly, but I think they were reasonable.

That opinion derives, in part, from my inspection of Kyushu and its mountainous terrain and shallow beaches shortly after the surrender, plus interrogation of Japanese military personnel by myself and others. We were part of the U.S. Strategic Bomb Survey.

The Enola Gay dropped its bomb on Aug. 6, and the Soviets, scenting war's quick end, came in two days later, ahead of their promised date of Aug. 15. They wanted a piece of the Japanese empire and a say in Japan's future.

The writer covered local, national and international news for The Washington Post for 23 years.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1894: Neglected Grave?

PARIS — The rumors that the grave of Guy de Maupassant, in the Montparnasse cemetery, has been neglected are altogether unfounded, and Mme. d'Harnois de Blangues, aunt of the late novelist, who visited it yesterday [Aug. 26], states that it is only covered with fresh flowers. Only a plain wooden cross surmounts the grave, which is not to be the final resting place of the great writer. Permission has been obtained for the transportation of the remains to Père Lachaise, where a monument worthy of the reputation of the dead will be erected over them.

1944: Battle for Paris

PARIS — American and French columns fought their way into the center of Paris today [Aug. 25] and received a thunderous welcome from her citizens as they opened battle with Germans and Vichy militiamen still entrenched in important strongholds. The Allied troops entered the city from the south, and almost immediately as they reached the beautiful Luxembourg Gardens, the Nazis and the collaborationist militia opened fire.

1919: Silesians' Future

PARIS — The old allies of the Huns — artillery, incendiaries and torture — have again been called into play, this time not for military purposes, but with a po-



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OPINION

Clinton's Strategic 'Plan' Is Hot Air and Pretense

By William Safire

WASHINGTON — The Clinton administration's most revealing policy document, laying out "the national security strategy of the United States," no less, has been kept secret by the fiendishly clever device of making it public.

Issued a month ago in the dead of night, the blue-covered "National Security Strategy of Engagement and Enlargement" was dubbed "the En-En Document" by engaging reporters and enlarged pundits.

The struggle over naming the policy engagement (a Gary Hart term favored by the State Department) vs. enlargement (a Tony Lake term favored by the National Security Council staff) was resolved in a quintessentially Clintonian way: Both are used, conjuring a vision of involved timeliness.

But when a president signs off on a 25,000-word exposition of his global strategy, attention must be paid.

Some of it is silly political posturing. "With U.S. leadership, NATO has provided the muscle that is helping to bring about a peaceful settlement in the former Yugoslavia," some leadership, some muscle.

The En-En Document deserves academic dissemination and respectful or infuriated analysis by think tanks. It can serve as the basis for "great debate" hearings when Richard Lugar of Indiana becomes chairman of the Senate Foreign Relations Committee in January.

That's because the strategy has become so determinedly anti-controversial that it should provoke controversy. By examining its drafting, we can see its policy evolution.

In an early version of the document, this line led a paragraph in the president's cover letter: "Ultimately, the strength of our security derives from the strength of our values." Gutsy human-rights rhetoric.

In the final version, perhaps after the decision on China's most-favored-nation trade status, a line from a pragmatist was brought up from below as a substitute: "Our national security strategy reflects both America's interests and our values."

The following fix illuminates a switched emphasis: "We believe that our goals of promoting democracy, protecting our security, and enhancing our economy are mutually supportive" was changed, at perhaps the highest level, to "We believe that our goals of enhancing our security, bolstering our economic prosperity, and promoting democracy are mutually supportive." Different priorities.

A section on European defense, undermining NATO with a controversy-averse Partnership for Peace, invites debate. "In keeping with our strategy of enlargement, PFP is open to all former members of the Warsaw Pact as well as other European states... with PFP the best path toward NATO membership."

That means we are pretending to plan to invite Russia to join NATO, an organization that exists to protect Europe from Russia. The strategy, as stated, is an absurdity. Mr. Clinton's Partnership for Peace is a device to avert debate about admitting Poland, Ukraine and other East European states into NATO now.

"The aim of NATO's future expansion, however," according to En-En, "will not be to draw a new line in Europe further (sic) east, but to expand stability, democracy, prosperity and security cooperation to an ever-broader Europe."

That is strategic hot air. As Henry Kissinger writes, "The administration's Atlantic policy is creating two categories of frontiers in Europe: those that are guaranteed are not threatened, and those that are threatened are not guaranteed."

The forum for talk of bringing "security cooperation to an ever-broader Europe" already exists in the 52-nation Conference on Security and Cooperation in Europe. Russia and its former satellites are part of that UN-minus-the-Third-World.

But NATO is an Atlantic military alliance with a clear purpose to subsume Germany and keep Russians in Russia. It works; it should now include the countries most at risk from any future Moscow yearning to visit the irredentist twice a year.

Foreign relations debaters should use "Engagement and Enlargement" as their text. The near-final draft rang with resolution: "Our national security requires the patient application of American will and resources, and, at times, lives."

The printed version, formally signed by William J. Clinton, recoiled from such boldness: "and, at times, lives" was stricken out.

The New York Times

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LETTERS TO THE EDITOR

Another Algeria Scenario

Regarding "Why the Stakes Are So High in Algeria" (Opinion, Aug. 13) by Daniel Pipes:

Mr. Pipes's scenario for North African and potentially European apocalypse at the hands of Algeria's so-called fundamentalists begs for a bit of calm and common sense.

While he offers many reasons to take the crisis in Algeria seriously, they do not include the obvious one: When the Algerian government annulled the results of the 1991 election, many a peep of protest was heard from the West.

By supporting the Algerian government in a complicity of silence (and now in France by active repression of its foes) Western statesmen seriously er. They have taken sides in what Mr. Pipes calls the second battle of Algiers, when they need only have supported the maintenance of the democratic process.

But another scenario, far more prosaic, is just as plausible as Mr. Pipes's descent-into-apocalypse reasoning. It begins with new elections, such as the Islamic Salvation Front had won. The "fundamentalists," with an outright majority, form a government. Facing internal division, and bowing to strong pressure from the West and vigorous protests inside Algeria, the new government maintains most established liberties, but does not manage the economy well.

Come the next election, a reformed party of the left returns to power, with a program designed to create jobs and stimulate foreign investment. This may be a simplistic

gloss on a complex situation, but it is the sort of managed and measured competition for power that will in the long run ensure human rights and economic opportunity.

TREVOR DICKIE, Oxford, England.

Let the Cubans Decide

For those of us who have lived and worked in Cuba, the recent events in Cuba are particularly tragic and could have been avoided.

The blockade of Cuba should have been lifted years ago; it should now be reinforced. Lifting it would allow Cuban society to evolve, to change their political system without forcing the island's government to take a revolutionary stance.

Tightening the blockade will only prepare Cuba for bloodshed and civil war. The U.S. administration has lost sight of the fact that Cuba is an independent state with an educated population able to decide its own future. The United States has no authority to impinge on Cuba's sovereignty or its right to take its place among other island nations in the Caribbean basin.

NICOLAS SAPIEHA, Panjim, India.

In Clinton's Defense

By what bizarre logic do some of your columnists figure that if President Bill Clinton's crime and health proposals fail to pass through Congress, it should be his Democratic Party that will suffer in future elections? Surely the resulting opprobrium will fall on the Republican Party.

Moreover, what if every single sexual and Whitewater accusation against Mr. Clinton were true? What difference can such personal considerations make in respect to the national issues? By putting hilly tactics and parochial politics before these issues, the Republican Party, in my view, is committing suicide.

LESLIE SCHENK, Chevilly-Larue, France.

Regarding the editorial "Enter the Floating Waffle" (Aug. 24):

The New York Times asks why the cartoonist Garry Trudeau has begun to take aim at President Bill Clinton. Clearly Mr. Trudeau has become infected with the disease afflicting the rest of the press. The symptoms: lack of even-handedness, sudden paralysis when any Clinton effort succeeds, and a tendency to a forked tongue.

DEBORAH BURTON, Vacallo, Switzerland.

The Sun in Their Eyes

Regarding "The Galilean New World Offers an Opportunity to Seize Quickly" (Opinion, Aug. 17):

It was Copernicus, not Galileo, who moved the Earth out of the center of the solar system; to both men, the sun was at the center of the cosmos. Not until the 1930s did the work of the American astronomer Harlow Shapley demonstrate that the sun was a great distance from the center of our galaxy.

JAY M. PASACHOFF, The Hague.

Slowing Down: From 100 To Zero in the Milkweeds

By Ellen Goodman

CASCO BAY, Maine — I arrive here coasting on the fumes of hi-octane anxiety. The split-second timing of my daily life has adhered to my mood like a watch strapped to a wrist.

Behind me is a deadline met by the skin of my teeth. A plane was late. A gas tank was empty. A boat was missed.

The carry-on baggage of my workaday life has accompanied me onto the island. An L. L. Bean bag

But finally, this morning, walking down the country road at a distracted, aerobic, urban speed, I brake for butterflies.

I am aware suddenly of four monarchs in full orange and black robes at their regal work. They have claimed a weedy plot of milkweeds as their territory.

As I stand absolutely still, these four become eight and then 12. My eye slowly adjusts to monarchs the way it adjusts to the dark or the way you can gradually see blueberries on a green bush.

There are 20 butterflies harvesting a plot no bigger than my desk. There are 30 in a space smaller than my office. The flock, the herd, has followed their summer taste buds onto my island, the way native tribes once came here for the clams. They leave as suddenly as summer people.

The monarchs allow me, a commoner, to stand among them in the milkweeds while they work.

I feel foolishly and deliciously like some small-time anthropologist, some down-home Jane Goodall, pleased to be accepted by the fluttering royals.

I am permitted to watch from inches away. For half a minute, one monarch chooses my baseball cap as his throne. For half an hour I am not an intruder but part of the native landscape.

I remember now the lines of poetry I read in the icy dead of last winter. After watching two mockbirds spinning and tossing "the white ribbons of their songs into the air," Mary Oliver wrote, "I had nothing / better to do / than listen. / I mean this / seriously."

Such moments are rare in our world of Rapid Eye Moments.

We have been taught to hurry, to scan instead of read, to surf instead of watch.

We can go from zero to a hundred miles an hour in seconds — but only by leaving the natural world in the dust.

We pride ourselves on speed, and forget that time goes by fast enough. The trick is to slow down long enough to listen, smell, touch, look, live.

At long last, the faxes and phones and ties all disconnect. And for a summer afternoon, surrounded by monarchs, I know this: I have nothing better to do than watch.

I mean this seriously.

The Boston Globe

MEANWHILE

full of work, a fax machine, a laptop with a modem.

I have all sorts of attachments to the great news machine that feeds me its fast food through the electronic stomach tube.

Fully equipped this way, I tell myself that I can get an extra week away. And so I spend that week wondering why I cannot get away.

For days I perform the magic trick unique to my species. My head and my body are in two different places. Like some computer-generated animation, my body is on an island where the most important news is the weather report. My head is on the mainland of issues, ideas, policies. My body is dressed in shorts, T-shirt, baseball cap. My mind is in a suit, pantyhose, heels.

I am split across the great divide between this place and the other. Neither here nor there. The desk chair is full, the hammock empty. On the road, I am able to see the brown-eyed Susans and Queen Anne's lace only in my peripheral vision. My focus remains elsewhere.

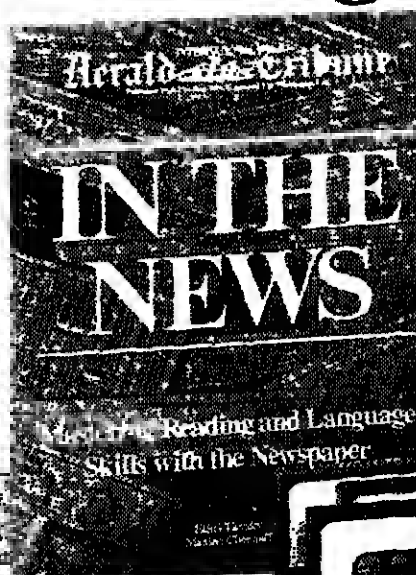
I feel like a creature of the modern world who has learned to live much — too much — of the time on fast-forward. And to pretend that it is a natural rhythm.

What would Charlie Chaplin make of these Modern Times? Our impatience when the computer or the ATM machine "slows" down, or when the plane is late. The way many of us have learned to do two things at once, to ratchet up our productivity, that buzzword of the era, as if life were an assembly line.

In some recess of this modern-times mind-set, I thought I could be on vacation and at work. Instead, these two masters wrangle for custody over me and I learn that there are two things you cannot do at once: something and nothing.

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Roberto Alagna in Gounod's "Roméo et Juliette": Ringing high notes and conscientious, boyish charm.

In Search Of Diana of Ephesus

Diana of Ephesus is in a museum in Naples, but she comes in a variety of sizes in airports and other shops around the world.

French Voices, a New Generation

By John Rockwell
New York Times Service

PARIS — The travails of French opera have become almost a cliché by now, and the abrupt dismissal of Myung-Whun Chung as music director of the Paris Opéra would only seem to confirm the cliché.

Never mind that this seems to have been a pure power struggle and that the winner, Hugues Gall, the designated director of the company, is a man of proven taste and vision. It still looks in the short run like yet another "proof" that when it comes to opera, the French haven't a clue.

The stereotype is this: Despite some strong (Berlioz, Bizet, Offenbach) or at least appealing (Gounod, Massenet) composers in the 19th century, French operas began to decline even before the general crisis of operatic composition in the 20th century, and French singing began to unravel after World War I.

All of this played against a backdrop, the cliché concludes, of French indifference to music in general. A coda to the cliché was this: While burling money at the arts in the 1980s, the Socialists under Jack Lang as minister of culture revealed a particular incomprehension about opera.

The supposed white elephant of the Opéra Bastille became a symbol of that incomprehension. Yes, provincial opera houses were rebuilt and revitalized. Still, French opera performance was more marked, this string of assumptions concludes, by glitzy stage direction and design than by solid musical accomplishment.

But as two recent performances suggest, France at last could be developing a generation of world-class singers. If true, the impact on the neglected French repertoire should be marked.

The performances in question were Roberto Alagna's *Roméo* in a Toulouse production of Gounod's "Roméo et Juliette," seen at the Opéra Comique in Paris in late spring, and Natalie Dessay's Queen of the

Night in the William Christie-Robert Carlen production of Mozart's "Zauberflöte" at the Aix-en-Provence festival in July.

These are both singers in their 20s who are clearly poised to make a mark on the world, certainly on that part of the world to which the Metropolitan Opera in New York can lay claim. Dessay is to make her Met debut as the Flakornelli in Richard Strauss' "Arabellina" in October. Alagna is in negotiation to appear as Rodolfo in "La Bohème" in the 1995-96 season.

What makes them interesting is sure-ness of technique. Alagna, who is of Sicilian ancestry, is a French tenor more in the Georges Thill model than in earlier guises. That is to say, he sings top notes with plenty of chest tone in the best Italian verismo style, rather than floating them out in a subtle blend of head and chest tones. He is capable of ravishing soft singing as well as ringing high notes, and has a conscientious, boyish charm as an actor.

Dessay is an even more accomplished technician. As Olympia in Offenbach's "Contes d'Hoffmann" at the Bastille two seasons ago, and this summer in Aix, she handled fearfully difficult coloratura singing with sweet, sure-footed ease.

This is not a raw talent about to be undone by premature success, but a well-

grounded, musical singer who attests to a new solidity in French training.

They may of course be two isolated stars in an otherwise dim and dowdy firmament. But three seasons of operagoing in France have suggested otherwise. A list of names could be assembled, from the dramatic soprano Françoise Pollet to the baritone Jean-Philippe Lafont to a host of early-music specialists who came of age under Christie.

There is indeed a healthy horde of good young singers in France today, active in the provinces and increasingly in Paris, at the Opéra Comique (which is a kind of forum for successful provincial productions), at the Théâtre du Châtelet and at the Opéra's two theaters.

What effect are they likely to have on international repertoire? For decades, a few hoary staples aside, French repertoire has languished, even in France. There has been something of a Berlioz fad, but that speaks to him, not to his country of birth.

Now, with a proliferation of singers interested in their native French repertoire, confident in the language and encouraged — through French stage revivals and government-subsidized recordings — to learn the roles, it should be easier for foreign houses to program French works.

Certainly the heretofore nearly unknown field of French Baroque opera has been brought to a new level of international recognition by Christie and all the conductors and singers he has spawned.

French record companies have anticipated what is likely to happen in theaters, with unusual projects often based on pioneering concert performances presented by France Musique, the state classical radio station, or on specialist festivals by champions of exotic French repertoire.

French 19th-century operas offer a wealth of beauty, sensuality and subtlety, variants of European-wide patterns but also audibly indebted to the special qualities of the French Baroque. And they can be heard at their best only when articulated by native practitioners of the language.

By Vicki Goldberg
New York Times Service

TUCKED into the corners of suitcases of returning travelers are the world's treasures in a form forever safe from duty or even close customs inspection: a pint-size Eiffel Tower or Taj Mahal, and the great gods from Osiris to Buddha to Zeus, bought for a dollar and change in stalls and school shops.

People who would not dream of making a shrine to a saint happily display deities that once held millions in thrall but now attest chiefly to the power of frequent-flyer programs.

The monuments were originally built by men, and most of the gods were male. But females once held sway, and one or two had such lasting authority that they even became models for souvenirs in antiquity.

Mother goddesses reigned in Greece until the Dorians invaded late in the second millennium B.C. and installed Zeus and Apollo. But feminists need only look to Turkey, where the feminine principle reached its grandest, most distinctive and most influential form in Ephesus, more than an hour south of Izmir. Here was the home of Diana of Ephesus, worshiped across most of Europe.

She is still present in her city, at least at the museum, in the guise of two strange, compelling and peculiarly awesome statues of the first and second centuries. Many museums have images of her, but Ephesus was her headquarters, and her temple there was one of the seven wonders of the ancient world.

YOU, too, can have her image. In 1884, not long after some of the greatest Greek sculpture had been excavated from Turkish soil and shipped off to Berlin and London, the Turkish government decreed that all antiquities were the property of the state. But in Turkey, as elsewhere, tourists are encouraged to look up on the great artworks of the world reproduced in sizes suitable for an ant farm.

Though Diana gets uglier with each decline in quality, even at key-chain size she re-



statue, and Tiepolo tucked her into one of his pictures.

More recently, Louise Bourgeois alluded to fertility and the animal kingdom in a sculpture called "Nature Study," a headless beast with several very human breasts.

She was worshiped in some form from paleolithic times on, and if art and souvenirs are any indication, in a way still is. The first image ever found of the mother goddess, in Turkey, dates to 6,000 B.C., give or take a couple of hundred years.

Greeks who had colonized the western coast of Turkey by 1,000 B.C. simply appropriated her and incorporated many of her attributes into their own gods. First they identified her with Cybele, who went about accompanied by lions, and finally with Artemis.

By the first century, travelers and devotees who journeyed to Ephesus could buy little silver goddesses and little silver models of her temple. One ancient author says that at the end of the festival of Artemis, small silver images of her were placed on the temple steps for people to kiss.

St. Paul nearly ruined this trade by preaching in Ephesus that there were no gods made by human hands. A silversmith named Demetrius, who specialized in images for pilgrims, called a meeting of artisans and craftsmen and created an uproar. Paul left town.

In Ephesus today, only the barest traces of Diana's great temple remain, but the wealthy city where she resided has been painstakingly excavated and some of it meticulously and sumptuously restored.

MUCH of the glory that was Greece and the grandeur that was Rome still lives in present-day Turkey. Christian pilgrims during the Renaissance and afterward were once again keen to own some little reproduction of whatever holy icon they had traveled far to see.

The closer the image was to the original, the more of its power it might absorb, but every image that came from the holy place and looked something like the holy object had a certain power.

At religious sites, such images still do. Secular pilgrimages to Ephesus, Paris or London do not hold the traveler in the same spiritual grip, but even vacationers are seeking some degree of wonder and a way to reproduce some semblance of the experience in photographs or knickknacks.

The German philosopher and critic Walter Benjamin thought that mass reproduction robbed art of its aura, but it is precisely some trace of that aura that persuades tourists to cough up a few dollars for a great work of art that has evidently been copied by elves wearing mittens.

In short, for centuries the world has misunderstood the goddess, whose cult figure was in effect a kind of cross-dresser at the most basic level.

From the Renaissance on, artists have depicted her complete with her breasts and her putative breasts. Raphael painted her in the Vatican. Cellini put her on the base of his Farnese. Hogarth made a merry picture of putti drawing her

THE MOVIE GUIDE

Color of Night

Directed by Richard Rush, U.S.

Bruce Willis has packed away his pistol for the role of a dispirited psychologist in "Color of Night," a convoluted psychosexual thriller. Willis plays Bill Capa, a Manhattan psychotherapist who quits his practice when a patient leaps to her death from his skyscraper office. As a pool of blood seeps from her body, Capa realizes he can no longer see the color red and is destined to re-

main colorblind until he is atones for his mistakes. He travels to Los Angeles to forget at the home of a colleague, Boh Moore (Scott Bakula), who confides that he has been receiving death threats. He suspects the threats are coming from one of the members of his Monday night therapy group, who serve not only as suspects but also as comic relief. Shortly afterward, Moore is found stabbed to death. The investigating officer insists that Capa take over the "squirrel farm" and

thus unmask the culprit. It comes as no surprise — not much here does, really — when Capa becomes the killer's new target. "Color of Night" marks Richard Rush's return as director more than a decade after the release of "The Stunt Man." He manages to give this illogical, overstuffed and understructured story some edge and flourish, but finally nothing can distract us from its sheer silliness. Certainly not Bruce in his birthday suit. (Rita Kempley, WP)

The Advocate

Directed by Leslie Megulley, U.K.

Set in 15th-century France and featuring a dignified English cast, "The Advocate" begins with what looks like a pretty fair Monty Python moment. A man is fitted with a coose, about to be executed for having had "carnal knowledge of the she-ass here present." By his side, and also about to be

hanged, is a sexually complicit donkey, since this story is set at a time when animals and inanimate objects could be tried under civil law. When a last-minute pardon arrives, it's not for the man but for his impassive consort. Unfortunately, "The Advocate" proves out to be particularly playful about such events. As an earnest, leeringly ribald foray into arcane legal history, with an emphasis on four-legged defendants, its main selling points turn out to be crassness and curiosity value. And for all its legal exotica, this film is so ordinary in visual style and basic story line that it holds few surprises. "The Advocate" gets a high gloss from the presence of actors like Ian Holm, as a priest; Donald Pleasence, as the weary prosecutor; Nicol Williamson, as an acid-tongued feudal lord; and Colin Firth, a pleasantly urbane leading man. (Janet Maslin, NYT)

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High Tech Meets Gracious Dining

By David Karp
New York Times Service

NEW YORK — They may evoke images other than personal service and culinary artistry, but computers and electronic systems are transforming the workings and ambience of restaurants.

• The Prohost paging network, developed by Dallas-based Rock Systems, equips customers, waiters, cooks and managers with wireless message devices worn on the wrist. Among the possibilities: diners buzz waiters; a computer tells the cooks that they're taking too long to prepare food; or the manager sends a "happy birthday" message to a customer.

• At Zoe in Manhattan's SoHo, a computer is used to post the day's specials and to keep track of what sold well the previous day. Waiters tell the kitchen to pay special attention to a VIP's order by using the computer to mark the order "Elvis."

• The Dive, Steven Spielberg's new submarine-themed restaurant in Los Angeles, gives diners coasters with red lights that blink to signal when their tables are ready.

• At Jose Tejas, a Tex-Mex restaurant in Iselin, New Jersey, that often has a two-hour wait on weekends, diners are given papers that vibrate when their tables are ready. To keep guests from walking off with the devices, the restaurant holds a driver's license or other identification.

At the heart of these changes is the point-of-sale computer, which was introduced in the United States in the early 1980s. According to a 1992 survey by the National Restaurant Association, 64 percent of table-service restaurants with average checks of \$25 or more used the systems, up from 40 percent in 1990.

Typically, after taking a table's order, a waiter goes to a computer terminal and uses a keyboard or touch screen to enter the number of diners, table location, dishes selected, and any special instructions. The order is printed out in the kitchen,

and the food is routed to the appropriate stations. An expediter, often the executive chef or the sous-chef, coordinates the preparation and assembly of the order, relying on the waiter to signal when it's time to set up each course.

A smoothly running point-of-sale system improves efficiency in many ways. Waiters spend more time in the dining room. Printed orders eliminate mix-ups

caused by sloppy handwriting or shouted instructions. At rush hour in the kitchen, diminished traffic is a blessing.

From the owner's point of view, point-of-sale systems cut down on give-aways and forgotten charges. The diner gets a legible, accurate check. Sales, tax and tips are automatically tabulated and can be linked to systems for accounting, payroll and inventory.

Computers are generally less common in ethnic restaurants, and it usually does not pay to put in a point-of-sale system, which costs \$10,000 and up, in a restaurant with less than about 75 seats.

Some high-end restaurants for which the systems would make economic sense deliberately don't install them. "We prefer to keep the personal connection between the kitchen and the dining room staff,"

said Karen Waluck, who owns Chantrelle with her husband, David, the chef.

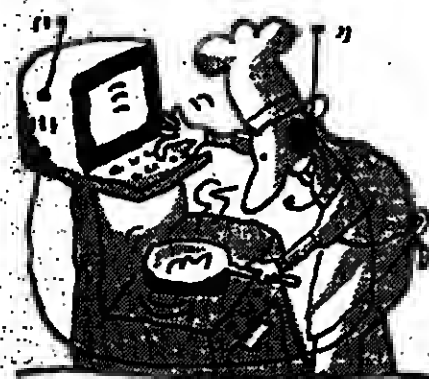
Only a few U.S. restaurants so far have invested in hand-held point-of-sale units, theoretically the most direct method of conveying orders. More than 150,000 of the hand-held units are in use in family restaurants in Japan, where the passion for speed and reverence for technology has overcome any reluctance to computer devices at the table. In the United States, the high cost has limited their use to settings where waiters must cover long distances to get to the kitchen.

Point-of-sale technologies often originate in fast-food chains, which operate on slim margins and are always looking for ways to cut costs, and then "trickle up" into full-service restaurants. Consumer-activated touch screens, which have been installed at more than 100 Arby's franchise restaurants, offer the equivalent of automatic teller machines in banks.

"When customers get familiar with them they like them, because they know that they can get in and out fast," said Paul Siegel, the president of Management Information Support, which owns those Arby's franchises. Within a few years, he said, customers will be able to pay for their purchases at the same terminal with credit and debit cards.

MOST current point-of-sale systems can process credit-card transactions. Handling debit cards, which automatically deduct money from the holder's account when used, is trickier, because it requires a secret personal identification number.

To solve this problem, portable payment terminals have been introduced. The waiter brings the unit to the diner, who enters a personal number. Portable payment terminals are currently being used at only a few U.S. restaurants, but are common in France, where a wireless unit completes the whole transaction at the table.



Paris Chefs Fish in New Waters

By Patricia Wells
International Herald Tribune

PARIS — For more than 25 years, Paris's best fish restaurant, and its clubbiest, has been Le Duc, in Montparnasse, a place where one submitted to snobbery and abrupt service for the pleasures of sampling the Minchelli brothers' top-notch fish cuisine.

Now Paul Minchelli has gone off on his own taking over and remodeling the long-established Chez Les Anges on Boulevard de La Tour Maubourg.

Much like fashion designers with a special, unmistakable look, the Minchelli school of fish selection and cooking has its own stamp. Much of it begins with fish that has an overwhelming sensation of freshness and purity of flavor. Minchelli does little to his fish and shellfish, but what he does is inevitably the right thing. Try a simple lobster salad — lobster, greens and vegetables — and you'll see. No fancy dancing, no combinations that set you in a spin. Yet you'll swear it's the

most impeccably prepared lobster salad that will ever pass your lips.

I'd put myself on the back and do handstands if I ever achieved a poached sole as perfect as Paul Minchelli's. Hyperfresh mackerel is poached ever so gently and served with a garlic-rich aioli lightened with a potato puree.

Here, you pay the price for quality. Prices start at 70 francs for a small platter of raw bar, or sea bass, and rise to 280 francs for varied lobster offerings. The wine list is extensive (Minchelli bought the existing cave), and includes some well-priced finds, including Domaine Oster-tag's rieslings, a fine Trimbach pinot blanc, a few white Burgundies, all served by Didier Garnier, an enthusiastic, well-versed sommelier.

While the same high-powered crowd has followed Minchelli to his new address, let's hope a more democratic posture prevails.

The recently popular Le Petit Plat has taken wing, landing in larger and more comfortable quarters in moving from the 5th arrondissement to a quiet section of the 15th. Here Jean and Victor Lamprea con-

tinue to offer totally modern, dependable bistro fare, including cool platters of green beans and artichokes; warming casseroles of tomatoes à la provençale, and extraordinary roast chicken, accompanied by a generous sauté of mushrooms, bacon and onions.

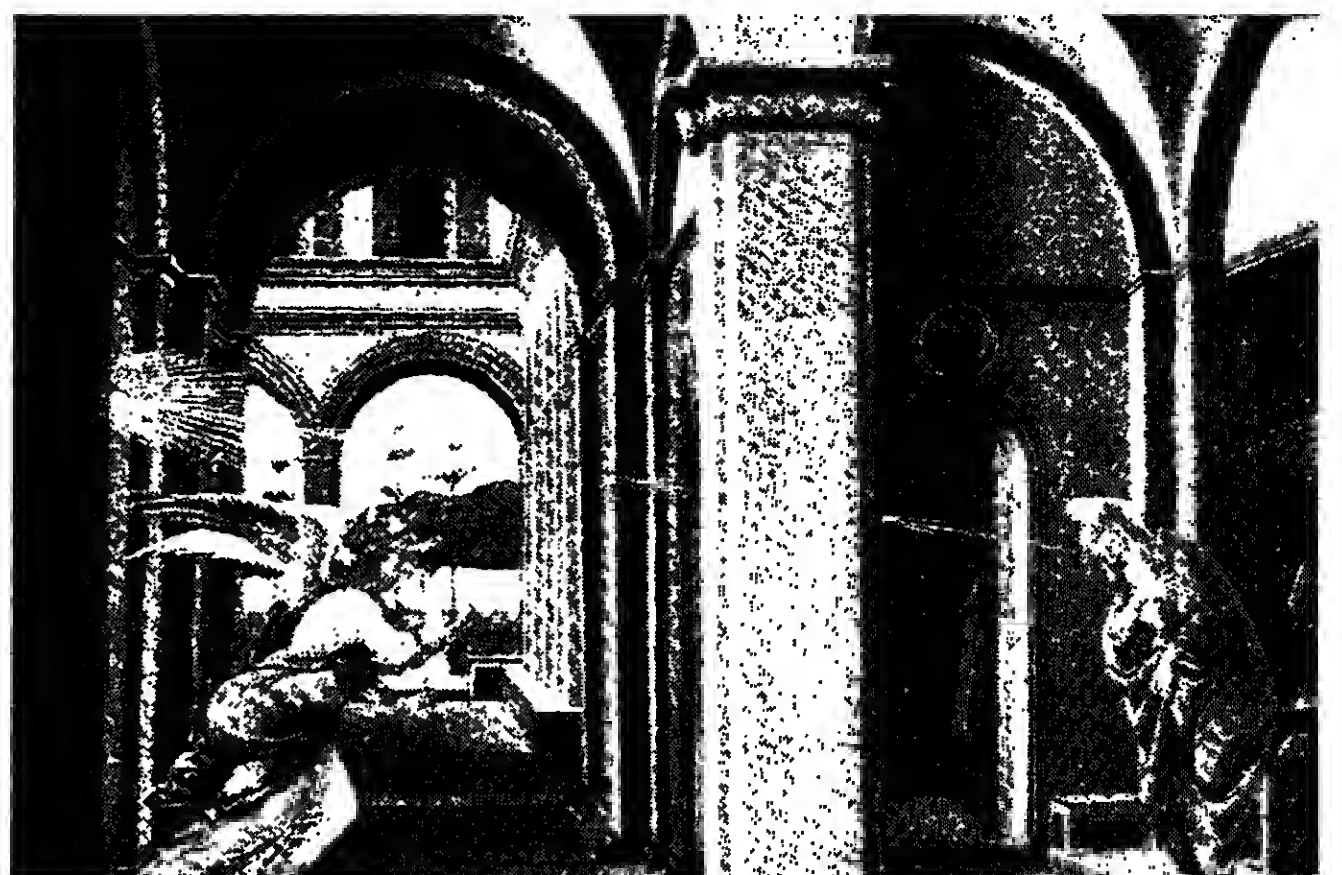
I loved the hearty portions of roulet, pan fried to a crispy edge, served with mounds of Provençal tian, a layered mix of aubergine, zucchini and tomato, all cooked to a confit-like tenderness.

The wine list is chosen by Henri Gaul, (his daughter is married to Victor Lamprea) and merits attention. Try the pure syrah of Domaine Saint-Claude, well priced at 100 francs.

Paul Minchelli, 54 Boulevard de La Tour Maubourg, Paris 7; tel: 47.05.89.86. Closed Sunday, Monday and August. Credit card: Visa. A la carte, 350 to 600 francs, including service but not wine.

Le Petit Plat, 49 Avenue Emile Zola, Paris 15; tel: 43.78.34.20. Closed Sunday and Monday. Credit card: Visa. A la carte, 150 to 200 francs a person, including service but not wine.

THE ARTS GUIDE



Botticelli's "Annunciation," in an exhibition of Italian Renaissance works at the Burrell Collection in Glasgow.

HENRY AND CLARA

By Thomas Mallon. 358 pages. \$22.95. Ticknor & Fields.

Reviewed by George Garrett

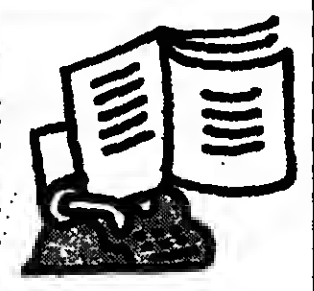
ONE of the clear and distinct pleasures of good historical fiction is its shared sense of authenticity, the mysterious, collaborative process between writer and reader whereby fact and fiction come together, hand in glove, in a credible, if alien (sometimes fantastic) reality. Thomas Mallon has written eloquently about this process ("Writing Historical Fiction," American Scholar, Fall 1992); and his own career has balanced four diverse books of nonfiction with, including "Henry and Clara," four novels.

One of these, the highly praised "Aurora" (1991), is historical, set on May 24, 1862, the day that the astronaut Scott Carpenter circled three times around the Earth. There the past was part of the author's, and many readers' history; able to be summoned up, like a memory or a dream, by an almost ritual arrangement of the right details.

"Henry and Clara" ventures into a deeper past and includes a wider range of time, from 1845 to 1911. The story opens on Good Friday, April 14, 1865,

WHAT THEY'RE READING

• Sir Christopher Mallory, the British Ambassador to France, is reading "Le Premier homme" by Albert Camus. "I read all Camus's novels as a student. I am now 58 and so excited and thrilled to be able to read this novel, unpublished until now, which was not finished when he died. The style is very spare, very intense, and tells you a lot about France." (Margaret Kemp, IHT)



a little past 10 in the evening, with John Wilkes Booth in full flight on horseback from Ford's Theatre, having just shot President Abraham Lincoln.

Omniscient in point of view, the narrative then flashes back to May 30, 1845, and follows the lives of the principal characters, the very real Major Henry Rathbone and Miss Clara Harris, who, in fact, shared box number eight at Ford's with President and Mrs. Lincoln. Booth savagely attacked Rathbone with a knife, and Rathbone came close to death himself.

He survived to marry Clara Harris and to live into the 20th century. They had three children, but they did not live happily ever after. Following them from childhood to middle age, passing again through the scene at Ford's Theatre, this time

from their point of view, the story builds implacably toward its climax of madness and murder.

Henry and Clara were, as it happens, stepbrother and step-sister, raised together within a large and prominent family network in upstate New York. Clara's father, Ira Harris, was "a rising man" who served as a senator from New York during Lincoln's presidency.

These are, then, real people of some importance who left a wealth of records, files and papers — letters, diaries and journals. In a note the author says that "nearly all the book's principal characters, and most of its minor ones, were living persons." He has used the weight of documentary support in an interesting and imaginative way.

"Nearly all the extracts from letters and journals that appear in the text are made up, but in places quotations from actual material are included." This assertion is a bravado gesture, daring the reader to try to find the visible stitches joining the fact and fiction. This reader here reports that the fabric of the story is magically seamless. But there is more to the magic of "Henry and Clara." The powerful story is superbly told, in a sequence of dramatic scenes, by a narrative voice which is appropriately and consistently stylish, plausibly distant from our own vernacular. Dialogue, often a problem in historical fiction, is credible and sharp. Characters are fully dimensional and believable, and the details of the world they move in add up to an entirely imaginable living space.

In addition, Mallon's rendering of the social life of Americans at home and abroad (for these privileged characters are great travelers) before, during and after the Civil War, is at once subtly nuanced and precisely accurate.

You can't ask for much more from historical fiction except, perhaps, the validity of the material as history. "Henry and Clara" passes that test with flying colors, too.

People in "Henry and Clara" are, as they truly were, readers of books. They read poems and novels and history. They read Shakespeare, Tennyson, Wordsworth, Byron, Bryant and Parkman. Drawing on their example, one can be allowed to hope that lots of contemporary readers of books will find and read Mallon and share his vision of our past.

George Garrett, whose most recent book is "Whistling in the Dark: True Stories and Other Fables," wrote this for The Washington Post.

BRIDGE

By Alan Truscott

ON the diagrammed deal both North-South pairs reached the sound contract of seven hearts. In the diagrammed auction, the five-spade response to Blackwood showed two key cards plus the trump queen, so South knew that his dummy would have four hearts headed by the ace-king-queen. Both declarers received a trump lead.

Assuming a normal trump split, the contract was safe if the clubs divided evenly or if South could take a winning finesse in the spades or diamonds when the clubs split 4-2. One declarer drew trumps and tried clubs, ruffing the fourth round. He then cashed the last club and the last trump, leaving a two-card ending. He now led to the diamond ace, hoping that West had been squeezed with the spade king and the diamond queen, and was defeated.

After winning the first trick with the heart jack, South crossed to the heart queen and

led the spade jack. There was a fair chance that if East held the king, he would either cover the jack or think about doing so.

When East promptly played low, South put up the ace, knowing that the king was more likely than not to be on his left. He then drew the missing trump, worked on clubs, and eventually took the diamond finesse to make his grand slam.

NORTH (D)
♠ 10 9 8 7 6 5 4 3 2
♥ A K Q J 10 9 8 7 6 5 4 3 2
♦ A K Q J 10 9 8 7 6 5 4 3 2
♣ A K Q J 10 9 8 7 6 5 4 3 2
EAST
♠ A K Q J 10 9 8 7 6 5 4 3 2
♥ A K Q J 10 9 8 7 6 5 4 3 2
♦ A K Q J 10 9 8 7 6 5 4 3 2
♣ A K Q J 10 9 8 7 6 5 4 3 2

CORRECTION

The wrong diagram accompanied the bridge column in our Thursday editions. The correct diagram is below:

NORTH
♠ 10 9 8 7 6 5 4 3 2
♥ A K Q J 10 9 8 7 6 5 4 3 2
♦ A K Q J 10 9 8 7 6 5 4 3 2
♣ A K Q J 10 9 8 7 6 5 4 3 2
EAST
♠ A K Q J 10 9 8 7 6 5 4 3 2
♥ A K Q J 10 9 8 7 6 5 4 3 2
♦ A K Q J 10 9 8 7 6 5 4 3 2
♣ A K Q J 10 9 8 7 6 5 4 3 2

East and West were vulnerable. The bidding:
North: 1♣, 1♥, 2♥, 3♥, 4♥, 5♥, 6♥, 7♥, 8♥, 9♥, 10♥, 11♥, 12♥, 13♥, 14♥, 15♥, 16♥, 17♥, 18♥, 19♥, 20♥, 21♥, 22♥, 23♥, 24♥, 25♥, 26♥, 27♥, 28♥, 29♥, 30♥, 31♥, 32♥, 33♥, 34♥, 35♥, 36♥, 37♥, 38♥, 39♥, 40♥, 41♥, 42♥, 43♥, 44♥, 45♥, 46♥, 47♥, 48♥, 49♥, 50♥, 51♥, 52♥, 53♥, 54♥, 55♥, 56♥, 57♥, 58♥, 59♥, 60♥, 61♥, 62♥, 63♥, 64♥, 65♥, 66♥, 67♥, 68♥, 69♥, 70♥, 71♥, 72♥, 73♥, 74♥, 75♥, 76♥, 77♥, 78♥, 79♥, 80♥, 81♥, 82♥, 83♥, 84♥, 85♥, 86♥, 87♥, 88♥, 89♥, 90♥, 91♥, 92♥, 93♥, 94♥, 95♥, 96♥, 97♥, 98♥, 99♥, 100♥, 101♥, 102♥, 103♥, 104♥, 105♥, 106♥, 107♥, 108♥, 109♥, 110♥, 111♥, 112♥, 113♥, 114♥, 115♥, 116♥, 117♥, 118♥, 119♥, 120♥, 121♥, 122♥, 123♥, 124♥, 125♥, 126♥, 127♥, 128♥, 129♥, 130♥, 131♥, 132♥, 133♥, 134♥, 135♥, 136♥, 137♥, 138♥, 139♥, 140♥, 141♥, 142♥, 143♥, 144♥, 145♥, 146♥, 147♥, 148♥, 149♥, 150♥, 151♥, 152♥, 153♥, 154♥, 155♥, 156♥, 157♥, 158♥, 159♥, 160♥, 161♥, 162♥, 163♥, 164♥, 165♥, 166♥, 167♥, 168♥, 169♥, 170♥, 171♥, 172♥, 173♥, 174♥, 175♥, 176♥, 177♥, 178♥, 179♥, 180♥, 181♥, 182♥, 183♥, 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A grainy, black and white photograph of a group of people outdoors. In the foreground, a person is crouching, looking towards the camera. To their right, another person stands with their back to the camera. The background shows a line of trees and a bright, possibly overexposed area.

GAS LINE, LAGOS-STYLE — Nigerians waiting a fourth day Thursday for gasoline. Oil workers are on strike, and their union leaders have urged all nations to support their efforts to bring down Nigeria's military government.

Readers

PRETORIA—Three southern African leaders said on Thursday they had given President P. W. Botha a week to reverse his decision to dissolve his country's democratically elected government.

"The three presidents made it quite clear that they cannot condone the measures that he has taken," said President Robert Mugabe of Zimbabwe. "It was decided that he had to be given time to relook at the measures and take steps to reverse them."

Mr. Mugabe was speaking at a press conference flanked by his South African and Botswana counterparts, Nelson Mandela and Quett Masire.

The three met the king and the man he fired last week, Prime Minister Ntsu Mokhehle, in Pretoria to try to resolve Lesotho's political crisis.

King Letsame, citing popular dissatisfaction, last week dissolved Mr. Mokhehle's administration, which came to power last year after Lesotho's first multiparty elections in 20 years. Five people have died in clashes since.

The king told the news conference that he wanted time to consult with his advisers.

"We agreed that they should go back to Lesotho for consultations and come back to us within a week," Mr. Mugabe said.

Mr. Mugabe, asked whether the six-hour summit talks, held at Mr. Mandela's offices, decided that Mr. Mokhehle should be restored to power, said that this was the case.

"Indeed, there's no other alternative," he said. "We are glad that the king has agreed to go back home and think about it. The situation in Lesotho is showing signs of hope."

[illegible][illegible]

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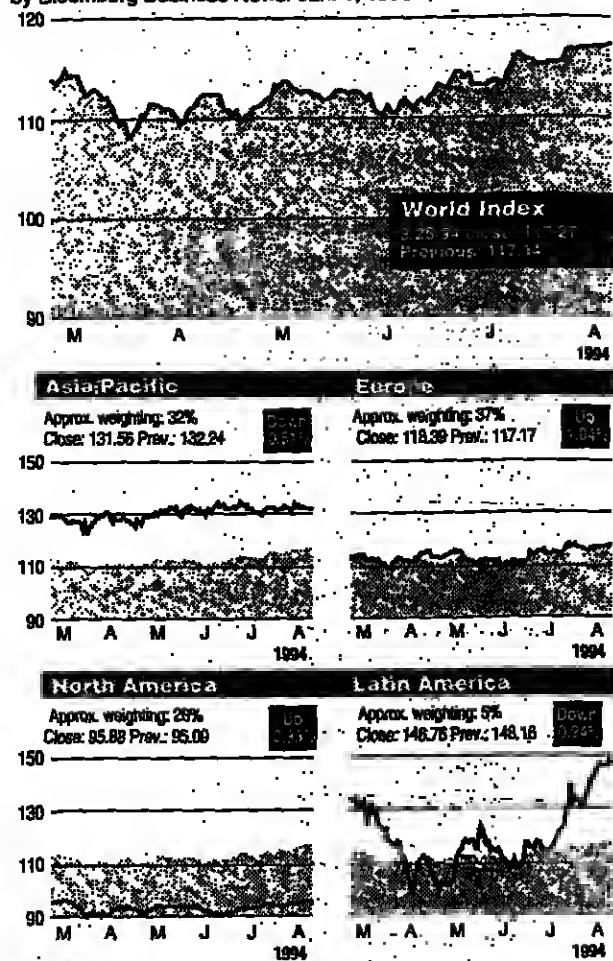
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Industrial Sectors							
	Th. close	Prev. close	% change		Th. close	Prev. close	% change
Energy	114.40	114.46	-0.05	Capital Goods	120.26	119.28	+0.84
Utilities	132.13	130.88	+0.96	Raw Materials	135.63	134.58	+0.78
Finance	117.50	117.80	-0.25	Consumer Goods	104.30	104.10	+0.19
Services	123.12	123.42	-0.24	Miscellaneous	134.15	133.10	+0.79

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3DO Makes Plans for Christmas

By John Markoff
New York Times Service

REDWOOD CITY, California—In a move underscoring the convergent paths of personal computers and video-game technology, 3DO Co. says it will adopt the Motorola-IBM Power PC chip for its next generation of video players.

3DO, an American company with powerful backers like AT&T Corp., Time Warner Inc. and Matsushita Electric Industrial Co. but with slower-than-expected sales of its video-game machines, is seeking to develop a machine that would sell for less than \$500 but surpass the speed and power of the latest personal computers.

It intends to have that product ready by Christmas 1995—in time to meet similarly ambitious new machines from 3DO's bigger Japanese competitors, Nintendo Co., Sega Enterprises Ltd. and Sony Corp.

3DO means to adopt the same Power PC microprocessor technology that International Business Machines Corp. and Apple Computer Inc. are using for their most powerful personal computers.

The Power PC chip, introduced last year, was jointly developed by IBM, Motorola Inc. and Apple and is manufactured by IBM and Motorola.

Industry analysts said 3DO's plan to base its new machines on the Power PC was a sign of the blurring of computers and consumer electronics that would be a feature of households of the future.

A Crowded Field

Number of computerized devices used worldwide for entertainment

Platform	1993	1994	1995
Playstation	7.0	20.0	23.0
Sega Saturn	0.8	1.6	1.5
Nintendo 64	0.1	0.7	4.0
3DO	0.2	2.0	5.0
Super 32X	0	0.8	1.6
Sega 32X	0	0.5	1.2
Sega Saturn	0	0.5	1.2
Nintendo 64	0	0.5	1.2

Source: Robertson, Stephens & Co. NYT

In that era, the distinction between the video-game player, the personal computer and—eventually—the interactive television set will be chiefly a matter of which room they are used in and what software they run, rather than any significant hardware differences.

The trend, if it plays out, could give momentum to the Power PC in its com-

test with microprocessors from Intel Corp.

Intel, despite being the world's largest chip maker, has no presence yet in the video-game field and trails Motorola in many chip markets other than desktop computers.

"The momentum behind the Power PC makes it an attractive handwagon to jump on," said Michael Slater, editorial director of the industry newsletter Microprocessor Report. "It's finding its way into games and laser printers, as well as other industrial applications."

3DO, which was founded in 1991 and went public in May 1993, has yet to turn a profit. In its first quarter, which ended June 30, the company had a loss of \$8.7 million on revenue of \$4.9 million. But with \$42 million in cash on hand, it has money to spend on research and development.

Although it has sold only about 200,000 of its \$500 video-disk game players, sales have picked up recently, and industry analysts estimate the level will reach 500,000 by the end of the year.

3DO's stock price rallied on Monday and Tuesday, rising a total of 27 percent, on an announcement from 3DO's president and chief executive, Trip Hawkins, that the company "just had our best month ever" and was "building momentum" for the Christmas shopping season.

Wednesday, on news of 3DO's tech-

See 3DO, Page 12

Samsung Commits \$5 Billion to Car Plan

Reuters

CHANGWON, South Korea—The Samsung group of companies has committed itself to invest \$5 billion in an automaking project that has been questioned by the government, a Samsung executive said Thursday.

"We have made a firm decision already to start the car-manufacturing business," said Kim Moo, vice president of Samsung Heavy Co., one of 27 units of the Samsung group, whose product lines also include semiconductors and sugar.

"We will initially invest \$5 billion over three years to start

the basis for manufacturing passenger cars," Mr. Kim said. "We will start with the annual capacity of 50,000 cars, rising gradually to 200,000, 500,000 and eventually 1.5 million cars or more."

Samsung Heavy began selling trucks in May as a first step but had to delay its filing with the government to produce cars because of the government's reluctance to approve.

"The government has not told us outright it is opposing our plan to produce cars, but it has voiced concern about possible negative impacts on the national economy," Mr. Kim said. Samsung Heavy signed an

agreement with Nissan Motor Co. this year to buy technology to produce cars but announced in May that it was indefinitely postponing the project.

Mr. Kim said it would notify the government of its plan to buy technology from Nissan to compete in global car markets before 1997.

"It will take three years for us to market cars after we start breaking the ground for building a car plant," he said.

He said Samsung was legally required only to notify the government of its plan to import foreign technology, although policymakers can stop the plans if they are viewed as having a

negative impact on the economy.

Some government officials said the country's car industry was already overcrowded.

South Korea is already sixth in the world in auto production, with output from Hyundai Motor Co., Daewoo Motor Co. and Kia Motors Corp. Samsung's aspirations to join the club have met strong opposition from the current carmakers.

South Korea could be fifth in the world as an automaker by 2000, when its three main companies plan to have production capacity of at least 2 million cars each.

Japan's Minebea To Sell a Unit To GE Capital

Bloomberg Business News

TOKYO—In a move that would give it a foothold in the world's second-largest financial services market, GE Capital Corp. said Thursday it would buy the consumer finance unit of Japan's Minebea Co. The price was not disclosed.

GE Capital, the financial arm of the American industrial conglomerate General Electric Co., said it would buy Minebea Credit Co. and its wholly owned subsidiaries, NC Card Seai Co. and Nakama Shopping Service Co.

The operations being sold have 180 billion yen (\$2 billion) in total loans outstanding, according to both companies. But GE Capital will not be buying about 60 billion yen of real estate-linked loans, of which 20 billion yen are considered troubled.

Neither side would say what GE Capital would be paying for the companies. But Minebea officials said the company expected to devote 10 billion yen to writing off its remaining bad real-estate loans. Both sides were sketchy about the details of the transaction, which is not due to close until November.

Still, the acquisition would give GE Capital, a financial services company with total assets of \$211.7 billion, access to Japan's cash-rich consumers.

"Japan is No. 2 in financial services in the world," said Taketo Yamakawa, managing director of GE Capital Corp. "It is too big to ignore."

The country's consumer credit market grew from 23 tril-

lion yen in 1984 to 71 trillion yen by last year, said Betsy Daniels, an analyst at Morgan Stanley & Co. in Tokyo. During that period, the market has posted 13 percent annual average growth, although it has slowed in recent years.

As the transaction is currently structured, GE Capital would not assume the troubled real-estate portfolio of the credit financing units at Minebea, which is better known for its manufacturing of ball bearings and electrical components.

Minebea Credit had 18 billion yen in nonperforming loans tied to soured real-estate transactions as of June, a company executive said recently. The unit's total real-estate loan portfolio is 55 billion yen, according to Yasuaki Miyahara, a Minebea spokesman.

By raising some cash from the sale of its consumer finance business, the company eases some of the financial pressure from its real-estate woes. "There is a lot of merit in terms of reducing guarantees," said Takeshichi Ogi, senior managing director with Minebea. "We have cleared a big mountain."

But analysts say investors will wait for more details before being as upbeat. Trading was suspended early Thursday afternoon in Tokyo in Minebea, when the stock was down 30 at 805 yen.

"If the profit on the deal for Minebea exceeds the estimates of losses on the real-estate portfolio, clearly the market will react favorably," said Mark Faulkner, a financial services analyst with S.G. Warburg & Co.

Toyota Profit Falls

By Andrew Pollack
New York Times Service

TOKYO—Toyota Motor Corp., hurt by the strong yen and a weak Japanese car market, reported its fourth consecutive annual decline in profit Thursday, with net income falling to its lowest level in at least a decade.

But Japan's largest automobile company said the worst was over and predicted that sales and profit would rise in the coming year. In Tokyo, Toyota's stock rose 10 yen, to 2,160.

Toyota's 1993 consolidated net income fell 29 percent, to 125.8 billion yen (\$1.29 billion). The figure is just over one-fourth of the 441.3 billion yen the company reported for 1990, its best year.

Toyota's revenue fell for the first time since 1986, dropping 8.3 percent, to 9.36 trillion yen.

Worldwide vehicle sales fell 7.5 percent, to 4.13 million. Sales in Japan, the company's largest market, fell 6.9 percent, to 2.01 million.

Toyota has not had much help from the United States, where the market has been strong. From January through July this year, its vehicle sales rose only 2 percent, compared with a rise of 9 percent for the market as a whole.

By contrast, Honda reported a big gain in quarterly profit Wednesday, in part because of buoyant sales in the United States. Nissan is also seeing strong growth in the American market. Unlike its two Japanese rivals, Toyota has had no big new products to drive its U.S. sales.

Like other Japanese companies, Toyota has been shifting its manufacturing abroad to cope with the strong yen. But that means that production in Japan has been dropping, leaving a problem of overcapacity.

Toyota is in the midst of a cost-cutting program and said it had achieved 150 billion yen in savings in the last year. It expects to cut 100 billion yen more from its costs in the coming year. Most of the savings have come from changes in the design of cars.

The company said it expected its domestic motor vehicle sales to rise 7.5 percent, in part because it had introduced some popular vehicles into the Japanese market.

Total motor vehicle sales in Japan have declined for three years, but there are signs that the downturn might be ending.

WALL STREET WATCH

Disney Changes Top Floor

Compiled by Our Staff From Dispatches

OSANGELES—Walt Disney Co.'s announcement of the departure of studio chairman Jeffrey Katzenberg and the reshuffling of senior executives quells weeks of speculation about Disney's top management and sets the course for a new phase, analysts said Thursday.

Joe Roth, chairman of Caravan Pictures, was named chairman of Walt Disney Motion Pictures late Wednesday.

Some said the reason for his departure was that Mr. Katzenberg had sought—and failed to get—the No. 2 job at Disney after the death of Disney's president, Frank G. Wells, in a helicopter accident in April.

Disney said Wednesday it was reorganizing its film business by creating two distinct operations, one for motion pictures and one for television. Mr. Katzenberg's film-making responsibilities will be partly assumed by Mr. Roth. Films accounted for about 43 percent of Disney's 1993 revenue.

Richard Frank, who had served as president under Mr. Katzenberg at the Disney studio since 1985, has been promoted to chairman of the newly created Walt Disney Television & Telecommunications unit.

The creation of that unit followed an announcement this month by Disney and three regional phone companies that they were exploring forming a joint venture to develop interactive video services.

Both Mr. Roth and Mr. Frank will report to Michael D. Eisner, chairman and chief executive of Walt Disney Co., said Disney was "probably at a

point in its corporate life where redesigning itself is not a bad thing."

David Londoner of Wertheim Schroeder & Co. said: "One of the good things to come out of this is that the policy of releasing 60 films a year will probably go by the boards, and Disney will concentrate on a more modest number of films. It is no secret that Disney's live-action films over the last couple of years have not been as good as they were in the first five years, when this management group took over."

Although Mr. Katzenberg was a creative and energetic executive, Mr. Londoner said, Mr. Roth should allow any fears Wall Street may have about Disney's future film operations. "He should bring some strength to the live action film business," he said.

But Mr. Katzenberg's departure may prove painful for the animation side, which has been extraordinarily lucrative for the company and is an area in which Mr. Katzenberg has played the dominant role.

Now the responsibilities fall to Roy Disney, vice chairman of the company and a nephew of its founder, Walt Disney. While Roy Disney has played a role in animation, it was Mr. Katzenberg who led the division to its enormous success.

Michael Eisner and Frank Wells together took over the helm of Disney in September 1984. Mr. Eisner brought Mr. Katzenberg with him from Paramount Pictures to take charge of Disney's film studios.

Mr. Wells's death sparked talk about the company's need to name a successor.

Speculation intensified in July after Mr. See DISNEY, Page 13

News Corp. Profits Despite Price Cuts

Compiled by Our Staff From Dispatches

SYDNEY—News Corp. on Thursday reported the highest earnings in Australian corporate history, with annual pretax profit of 1.36 billion Australian dollars (\$993 million), up 17 percent.

Generous film and television earnings helped offset a slump in the newspaper division, where a price-cutting war in the British market proved costly despite a circulation leap for The Sun, a London tabloid.

The media conglomerate's results included a one-time gain of 123 million dollars on the sale of its 34.5 percent stake in The South China Morning Post, in Hong Kong, in September.

News Corp.'s overall sales rose nearly 9 percent in the year ended in June, to 11.6 billion dollars.

But the results were below expectations, and shareholders sent News Corp. stock down to 9.00 dollars from 9.18 dollars on the Sydney exchange.

"It was not exactly an outstanding result," said Lachlan Drummond, media analyst at CS First Boston in Sydney. "It was a tough disappointment."

He said the newspaper price war in Britain had been more expensive for Rupert Murdoch's company than many analysts had expected.

News International PLC, the British unit of News Corp., reported operating profit down

47 percent in the year to June 30 because of the cost cuts. That division's contribution to News Corp. revenue dropped 26 percent, to 297 million dollars.

"The U.K. newspaper market has never been so competitive, and I can't see that changing," said Gus Fischer, chief executive of News International.

News Corp. said operating income from film productions jumped 166 percent, to 141 million dollars, reflecting the success of Twentieth Century Fox's box-office hit "Mrs. Doubtfire."

The film is Fox's biggest success since the 1990 hit "Home Alone." Mrs. Doubtfire grossed more than \$200 million in the first nine months of the year.

But overall earnings from the film division disappointed some analysts because for the year, it fell below the 165 million dollars reported in third-quarter results.

Terry Povey, media analyst at James Capel Australia, said Fox had written down costs associated with the production of the movies "Bad Girls" and "Baby's Day Out."

(Bloomberg, Reuters, AFX)

CURRENCY & INTEREST RATES

Cross Rates	Aug. 25	Aug. 25	Aug. 25	Aug. 25	Aug. 25	Aug. 25	Aug. 25
Amsterdam	1.58	1.58	1.58	1.58	1.58	1.58	1.58
Bombay	21.36	21.36	21.36	21.36	21.36	21.36	21.36
Brexit	1.58	1.58	1.58	1.58	1.58	1.58	1.58
Buenos Aires	1.58	1.58	1.58	1.58	1.58	1.58	1.58
Calcutta	1.58	1.58	1.58	1.58	1.58	1.58	1.58
Caracas	1.58	1.58	1.58	1.58	1.58	1.58	1.58
Chennai	1.58	1.58	1.58	1.58	1.58	1.58	1.58
Colon	1.58	1.58	1.58	1.58	1.58	1.58	1.58
Hong Kong	1.58	1.58	1.58	1.58	1.58	1.58	1.58
London	1.58	1.58	1.58	1.58	1.58	1.58	1.58
Manila	1.58	1.58	1.58	1.58	1.58	1.58	1.58
Mexico City	1.58	1.58	1.58	1.58	1.58	1.58	1.58
Mumbai	1.58	1.58	1.58	1.58	1.58	1.58	1.58
New York	1.58	1.58	1.58	1.58	1.58	1.58	1.58
Osaka	1.58	1.58	1.58	1.58	1.58	1.58	1.58
Paris	1.58	1.58	1.58	1.58	1.58	1.58	1.58
Seoul	1.58	1.58	1.58	1.58	1.58	1.58	1.58
Singapore	1.58	1.58	1.58	1.58	1.58	1.58	1.58
Taipei	1.58	1.58	1.58	1.58	1.58	1.58	1.58
Tokyo	1.58	1.58	1.58	1.58	1.58	1.58	1.58
Yokohama	1.58	1.58	1.58	1.58	1.58	1.58	1.58

Key Money Rates	Aug. 25	Aug. 25	Aug. 25	Aug. 25	Aug. 25	Aug. 25	Aug. 25
1-month	4.40	4.40	4.40	4.40	4.40	4.40	4.40
3-month	4.40	4.40	4.40	4.40	4.40	4.40	4.40
6-month	4.40	4.40	4.40	4.40	4.40	4.40	4.40
1-year	4.40	4.40	4.40	4.40	4.40	4.40	4.40
2-year	4.40	4.40	4.40	4.40	4.40	4.40	4.40
3-year	4.40	4.40	4.40	4.40	4.40	4.40	4.40
4-year	4.40	4.40	4.40	4.40	4.40	4.40	4.40
5-year	4.40	4.40	4.40	4.40	4.40	4.40	4.40
6-year	4.40	4.40	4.40	4.40	4.40	4.40	4.40
7-year	4.40	4.40	4.40	4.40	4.40	4.40	4.40
8-year	4.40	4.40	4.40	4.40	4.40	4.40	4.40
9-year	4.40	4.40	4.40	4.40	4.40	4.40	4.40
10-year	4.40	4.40	4.40	4.40	4.40	4.40	4.40

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MARKET DIARY

Bonds Sap Steam From Stock Market

Compiled by Our Staff From Dispatches

NEW YORK — Stocks finished mixed Thursday, with a drop in Treasury bond prices pulling down blue-chip issues. The Dow Jones industrial average finished down 16.84 points at 3,829.89, but advanced.

U.S. Stocks

Issues outnumbered declines by a 5-to-4 ratio on the New York Stock Exchange.

Stocks were undermired by a drop in the benchmark 30-year Treasury bond which fell 28.32 point, to 99.1932. That sent the yield up to 7.53 percent from 7.46 percent Wednesday.

Fresh data showing that economic growth was continuing at a steady pace took the steam out of the bond market, which had rallied Wednesday on a report pointing to a slowdown in growth.

The government reported that unemployment claims fell last week, while a Reuters group said sales of existing homes were little changed in July from June's high level.

"Anytime you see strong payroll employment numbers, it does raise in the bond market's eyes the fear that the Fed will move prematurely, perhaps in September," to raise interest

rates, Anthony Chan, chief economist at BancOne Investment Advisers said.

Technology stocks were strong, with International Business Machines jumping 2 to 69% on prospects for strong growth in demand. IBM was the most actively traded stock on the Big Board.

Novell rose 1/2 to 15%, after the software company said last Wednesday it would trim the operations of recently acquired WordPerfect by cutting 1,750 jobs.

Digital Equipment gained 1 1/4 to 24%, helped by confidence in recent cost-cutting measures would begin to pay off. Also, Microsoft named Digital as an authorized support center in Microsoft's Solution Provider program.

EMC jumped 1 1/2 to 17%, benefiting from Wednesday's announcement that sales of its Symmetric Integrated Cache Disk Arrays to the financial services industry rose 93 percent in the first half of the year.

Weber Industries plunged 6 to 7%, after it said it had over-stated profit in the second and third quarters because accounting errors resulted in underpricing its products. The company said it expected to report a loss for the year. (Bloomberg, AP)

Dollar Gains on the Yen Amid Trade Optimism

Bloomberg Business News

NEW YORK — The dollar rose against the yen for a third day Thursday on reports of overnight intervention by the Bank of Japan and the possibility that American and Japanese negotiators were making progress in resolving trade disputes.

The dollar started its rise in Tokyo after the Bank of Japan

Foreign Exchange

bought the U.S. currency for a third day, traders said.

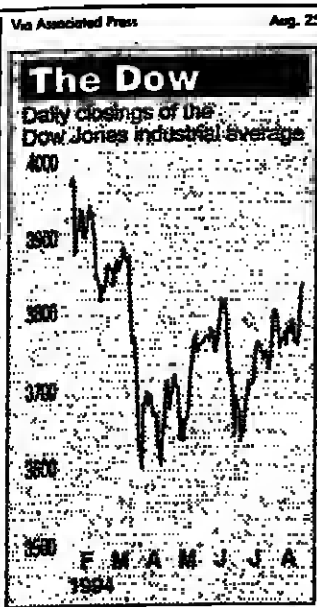
Meanwhile, the U.S. currency fell against the Deutsche mark and other major currencies after a German government report showed a small rise in that country's inflation rate. There was speculation that the Bundesbank would stop lowering interest rates, or even increase them, to control inflation.

A Japanese Finance Ministry

official who spoke on condition of anonymity said U.S. and Japanese negotiators had engaged in "positive discussions." The talks, on trade in insurance, are part of the so-called framework talks on ways to reduce Japan's \$60 billion annual trade surplus with the United States.

"There is a sense of optimism that the U.S. and Japan will make progress in this month's trade talks," said Michael Faust, a portfolio manager at Bailard, Biehl & Kaiser, a money-management concern in San Mateo, California.

The dollar closed in New York at 99.78 yen, up from 99.99 yen Thursday. It fell to 1.5425 DM from 1.5460 DM.



NYSE Most Actives					
	Vol.	High	Low	Last	Chg.
IBM	30002	69 1/4	66 1/4	67 1/4	+ 2
EMC	45553	17 1/4	16 1/4	17 1/4	+ 1 1/2
TElex	40040	67 1/4	65 1/4	65 1/4	- 2 1/2
Compaq	40011	36 1/4	35 1/4	36 1/4	+ 1 1/2
Digital	29878	24 1/4	23 1/4	24 1/4	+ 1 1/2
SAIC	29290	42 1/4	40 1/4	41 1/4	+ 2 1/2
GenTel	29254	60 1/4	59 1/4	60 1/4	+ 1 1/2
RJR Nab	28784	6 1/4	6 1/4	6 1/4	+ 1 1/2
NovMot	29550	28 1/4	27 1/4	28 1/4	+ 1 1/2
Novell	29548	26 1/4	25 1/4	26 1/4	+ 1 1/2
WINDT	26232	30 1/4	29 1/4	29 1/4	+ 1 1/2
ABerck	24841	21 1/4	21 1/4	21 1/4	+ 1 1/2
GTE	24265	31 1/4	31 1/4	31 1/4	+ 1 1/2
John J.	24172	49 1/4	48 1/4	49 1/4	+ 1 1/2
Novell	23952	57 1/4	56 1/4	56 1/4	+ 1 1/2

EUROPE

Bayer Posts 30% Profit Jump

Recovery Abroad Offsets Domestic Weakness

Compiled by Our Staff From Dispatches
LEVERKUSEN, Germany — Bayer AG said Thursday that second-quarter pretax profit soared 30 percent as economic recovery abroad compensated for weak domestic demand.

The chemical company said pretax profit rose to 999 million Deutsche marks (\$649 million) from 770 million DM in the year-earlier quarter. In the first quarter of this year, pretax profit was 755 million DM, compared with 640 million DM.

That means first-half earnings climbed 24 percent, to 1.75 billion DM. Sales in the second quarter were up 5 percent, at 11.19 billion DM from 10.67 billion DM. For the first half, sales rose to 22.18 billion DM from 21.01 billion DM.

Bayer said economic recovery abroad was the main influence on the period, whereas domestic demand was restrained, and prices remained unsatisfactory. But tight cost controls, including a lower wage bill and lower pay settlements, helped boost earnings.

The company also cited clear signs of recovery in the chemicals sector, which has been plagued since the start of the decade by dwindling demand.

"We therefore remain confident that we will achieve our aim of a substantial rise in earnings for the full year," Bayer said in a report to shareholders.

Bayer shares closed at 367 DM, up from 366 Wednesday. Shaw Bridges, an equities analyst at Merrill Lynch, Pierce, Fenner & Smith Ltd., said the profit exceeded expectations

and said Merrill Lynch was raising its earnings estimates on Bayer.

Peter Schouten, a chemicals analyst with Credit Lyonnais Securities in the Netherlands, said the chemical industry would continue to show significant improvement in the second half, in large part because of cost-cutting and reorganization in the second half of 1993.

Prices in the first half "were, on the average, lower than a year ago," Mr. Schouten said. Higher sales reflected increased volume rather than price increases, he said.

Bayer also said it planned to invest a total of 3.3 billion DM this year. The funds will be divided "more or less equally" between the company's domestic and overseas activities, Bayer said. (Reuters, Bloomberg)

Neofascists Continue

Bank of Italy Attacks

Reuters

ROME — Outspoken attacks on the Bank of Italy by the neofascist-led National Alliance have focused attention on the relationship between a key government party and the country's central bank.

Senior members of the coalition party have accused the central bank of working against the government. This has created some unease on financial markets, but most analysts do not see the bank's independence at risk.

The National Alliance fired its latest salvo when Environment Minister Altero Matteoli was quoted in several newspapers Thursday as accusing the bank of working to undermine the government of Prime Minister Silvio Berlusconi.

The bank is exercising its enormous power against the executive, Mr. Matteoli was quoted as saying. "Other governments have paid the price of its decisions," he said, "but this one does not want to end up in the same position."

His comments echoed those made by the Treasury undersecretary, Antonio Rastrelli, this week that the bank's recent half-point increase in the discount rate to 7.5 percent went against government policy.

The rate rise, announced on Aug. 11 to protect the lira, sparked an outcry by most of the National Alliance's five cabinet ministers. None held key financial posts.

"It is a worrying general background problem and will weigh on the market, but no one expects the bank's autonomy to come under discussion," said one economist who has followed the dispute.

On Monday, President Oscar Luigi Scalfaro defended the bank's freedom to fix interest rates and called for an end to the sniping. "The bank has a right to autonomy," he said. "Everyone, beginning with the men in government, must respect that autonomy."

On Thursday the National Alliance's budget undersecretary, Antonio Parlato, asked the Bank of Italy's governor, Antonio Fazio, for names of economists and journalists whom he alleged the bank had retained to boost its image.

He emerged unrepentant from a meeting with Treasury Minister Lamberto Dini, a former director-general at the bank, who had tried to convince him that the bank's balance sheet was clean.

Mr. Parlato, who supports the central bank's independence, alleged it was holding undisclosed funds and said he had written to Mr. Fazio asking for names of economists who had consulted work for the bank. "It could be the same economists who are firing on the government," he said.

Umberto Bossi, the leader of the federalist Northern League, backed the central bank, saying it should remain autonomous. The Northern League member who is interior minister, Roberto Maroni, accused the National Alliance of trying to grab power. Officials at Mr. Berlusconi's Forza Italia party have also distanced themselves from the neofascists.

Saab Profit Gives Lift To Investor

Compiled by Our Staff From Dispatches

STOCKHOLM — Strong sales of Saab cars and Scania trucks and buses helped more than double Investor AB's first-half profit, the Swedish conglomerate said Thursday.

Net income for the flagship company of the Wallenberg family's financial empire, jumped to 808 million kronor (\$106 million) from 351 million kronor a year earlier.

The increase was due mainly to improved earnings at Saab-Scania AB, which owns half of the carmaker Saab Automobile; General Motors Corp. owns the rest. Saab-Scania, which reported results Friday, posted net profit of 819 million kronor, reversing a 271 million kronor loss a year earlier. Saab Automobile cited a restructuring program that cut its work force in half.

Investor controls many of the Wallenberg family's share investments, and its holdings include stakes in Astra AB, the pharmaceuticals company; Stora AB, a forestry concern; and LM Ericsson AB, the telecommunications giant.

On Aug. 5, Investor acquired the shares it did not already own in Export-Invest AB, a Wallenberg investment company with holdings in export-related Swedish businesses. The deal valued the company at 3.47 billion kronor, but Investor said its market value had fallen "slightly" below that because of recent weakness in Swedish stocks.

The value of Investor's portfolio of strategic holdings as of Wednesday was 29 billion kronor, down 1 percent since the beginning of the year.

(Reuters, Bloomberg)

Investor's Europe

Frankfurt DAX	London FTSE 100 Index	Paris CAC 40
2200	3500	2400
2200	3400	2300
2100	3300	2200
2000	3200	2100
1900	3100	2000
1800	3000	1900
1700	2900	1800
1600	2800	1700
1500	2700	1600
1400	2600	1500
1300	2500	1400
1200	2400	1300
1100	2300	1200
1000	2200	1100
900	2100	1000
800	2000	900
700	1900	800
600	1800	700
500	1700	600
400	1600	500
300	1500	400
200	1400	300
100	1300	200
0	1200	100

Sources: Reuters, AFP

Very briefly:

- Sophus Berendsen AS said its 52 percent share of Restekil PLC's first-half pretax profit amounted to 796 million kronor (\$130 million), up 26 percent from a year earlier.
- Poland has unveiled plans to create a holding group embracing the country's state chemical and petrochemical companies.
- Südzucker AG has acquired the frozen-foods operations of Schoeller Lebensmittel GmbH.
- Naf Naf SA confirmed it would buy the Charles Chevrignon brand of fashion goods; the price was not disclosed.
- France's current-account surplus narrowed to 1.1 billion francs (\$210 million) in May from 2.8 billion francs in April, the Finance Ministry said.
- Scottish & Newcastle Breweries PLC said beer sales strengthened in May and June but take-home margins remained under strong competitive pressure.
- Swedish industrial output rose 2.1 percent in June from May, when production fell 0.7 percent from April.

AFP, Reuters, AP, Bloomberg, AFP

Krupp Narrows Loss On Restructuring

Bloomberg Business News

ESSEN, Germany — Fried. Krupp AG Hoesch-Krupp, a steelmaker, narrowed its loss in the first half because of cost-cutting measures, and it forecast Thursday that it would break even for the full year.

Krupp cut its net loss to 47 million Deutsche marks (\$30 million) in the first six months from 324 million DM a year earlier.

Sales in the first half rose 6 percent, to 10 billion DM, while new orders rose 12 percent, to 11.19 billion DM. The company attributed higher sales and orders to a "considerable" increase in foreign business and a stabilization in German demand.

The "speedy realization" of its reorganization plans also helped earnings, the company said.

"Thanks to the cost-cutting measures in the Krupp group, its financial situation has improved noticeably," the company said in an interim report.

Analysts said they expected Krupp to exceed its own break-even forecast for the current year.

The company's performance mirrors developments in many other German engineering companies that are benefiting from a pickup in capital investment as the global economy improves.

Krupp said its profit turnaround came at midyear. In June, Krupp posted its first monthly profit since the December 1992 merger of Fried. Krupp AG and Hoesch AG to form Germany's fourth-largest steel and engineering concern.

West German Prices Pick Up Pace, to 3%

Compiled by Our Staff From Dispatches

FRANKFURT — Western German consumer prices rose a provisional 3 percent on an annual basis in August, the government announced Thursday, after a 2.9 percent annual increase in July, but economists said there was little danger of an inflationary surge.

They said the rise was due to statistical techniques and exceptional increases in prices of gasoline and coffee.

Inflation had been declining steadily from 4.3 percent in July 1993 to a three-year low of 2.9 percent last month.

Analysts said the latest inflation data could see the Bundesbank rethink the timing of further interest rate cuts, but they said that overall, the policy of gradual reductions should remain intact as inflation appears still on a downward course, analysts said. The Bundesbank's inflation goal is 2 percent.

German bonds were unaffected by the pickup in the cost of living, even though inflation cuts the returns and underlying value of bonds, which generally pay fixed rates of interest.

In other signs of growth, East German industrial production rose a preliminary 3.3 percent in June from May and was up 15 percent from a year earlier, the Economics Ministry said.

Meanwhile, the German automobile association, VDA, said Germany's automobile production would rise about 8 percent this year as buoyant exports outweighed stagnant domestic demand. The chairman of Volkswagen AG, Ferdinand Piech, this week predicted a slowdown in European car sales for this year.

But VDA said the German automobile industry still faced excessive production costs at home. (AFP, Bloomberg, Knight-Ridder)

Trading Profit Boosts ING's 2nd-Quarter Net

Bloomberg Business News

AMSTERDAM — Internationale Nederlanden Groep NV said Thursday its net earnings rose 12.5 percent in the second quarter as costs were cut, efficiency improved and trading operations turned a modest profit.

The company, the second-largest financial services group in the Netherlands and one of the world's most active financial organizations in emerging markets, earned 565 million guilders (\$326 million) in the

second quarter, up from 502 million guilders a year earlier.

First-half earnings rose 19 percent to 1.07 billion guilders, ING said.

Income from both its banking and insurance operations rose, and its trading operations became profitable again in the quarter after a loss in the first three months.

ING's shares rose 1.80 guilders to 80.80 Thursday.

"Their results simply are good," said

Heinie Hakker, analyst with Barclays de Zoete Wedd.

Analysts were pleased that ING managed trading profit of 91 million guilders in the quarter after it lost 99 million in the first three-month period.

ING's banking division had a trading loss of 8 million guilders in the half because of difficult market conditions. Last year it posted a trading profit of 566 million guilders.

KNP Reports Better Results And a Merger

Bloomberg Business News

AMSTERDAM — KNP BT NV on Thursday announced better second-quarter earnings and a planned merger of its U.S. office products unit with closely held Ivan Allen Co., an Atlanta-based distribution concern.

KNP said it earned 74 million guilders (\$43 million) in the quarter, reversing a loss of 3 million guilders a year earlier. Sales rose 14 percent, to 3.2 billion guilders.

In the first half, KNP earned 124 million guilders, reversing a loss of 16 million guilders.

KNP stock rose 0.80 guilders to 49.10. The company said it was "modestly optimistic" about full-year earnings.

KNP said it had signed an agreement with Ivan Allen to merge the U.S. company with BT Office Products USA, its U.S. unit. Dutch law requires companies to disclose plans for a merger once negotiations reach a stage where an agreement is likely.

NYSE

Thursday's Closing
 Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

12 Month High Low Stock Div Yld PE Ratio High Low Last Chg

12 Month High	12 Month Low	Stock	Div	Yld	PE Ratio	High	Low	Last	Chg
120	100	IBM	2.00	4.0	15	120	100	110	+10
150	130	Microsoft	0.00	0	20	150	130	140	+10
180	160	Oracle	0.00	0	25	180	160	170	+10
200	180	Novell	0.00	0	30	200	180	190	+10
220	200	Lotus	0.00	0	35	220	200	210	+10
240	220	Intuit	0.00	0	40	240	220	230	+10
260	240	Adobe	0.00	0	45	260	240	250	+10
280	260	Apple	0.00	0	50	280	260	270	+10
300	280	Meta	0.00	0	55	300	280	290	+10
320	300	Excite	0.00	0	60	320	300	310	+10
340	320	WebTV	0.00	0	65	340	320	330	+10
360	340	EarthLink	0.00	0	70	360	340	350	+10
380	360	NetScout	0.00	0	75	380	360	370	+10
400	380	NetScout	0.00	0	80	400	380	390	+10
420	400	NetScout	0.00	0	85	420	400	410	+10
440	420	NetScout	0.00	0	90	440	420	430	+10
460	440	NetScout	0.00	0	95	460	440	450	+10
480	460	NetScout	0.00	0	100	480	460	470	+10
500	480	NetScout	0.00	0	105	500	480	490	+10
520	500	NetScout	0.00	0	110	520	500	510	+10
540	520	NetScout	0.00	0	115	540	520	530	+10
560	540	NetScout	0.00	0	120	560	540	550	+10
580	560	NetScout	0.00	0	125	580	560	570	+10
600	580	NetScout	0.00	0	130	600	580	590	+10
620	600	NetScout	0.00	0	135	620	600	610	+10
640	620	NetScout	0.00	0	140	640	620	630	+10
660	640	NetScout	0.00	0	145	660	640	650	+10
680	660	NetScout	0.00	0	150	680	660	670	+10
700	680	NetScout	0.00	0	155	700	680	690	+10
720	700	NetScout	0.00	0	160	720	700	710	+10
740	720	NetScout	0.00	0	165	740	720	730	+10
760	740	NetScout	0.00	0	170	760	740	750	+10
780	760	NetScout	0.00	0	175	780	760	770	+10
800	780	NetScout	0.00	0	180	800	780	790	+10
820	800	NetScout	0.00	0	185	820	800	810	+10
840	820	NetScout	0.00	0	190	840	820	830	+10
860	840	NetScout	0.00	0	195	860	840	850	+10
880	860	NetScout	0.00	0	200	880	860	870	+10
900	880	NetScout	0.00	0	205	900	880	890	+10
920	900	NetScout	0.00	0	210	920	900	910	+10
940	920	NetScout	0.00	0	215	940	920	930	+10
960	940	NetScout	0.00	0	220	960	940	950	+10
980	960	NetScout	0.00	0	225	980	960	970	+10
1000	980	NetScout	0.00	0	230	1000	980	990	+10

U.S. Division Dents Willis Profit

Compiled by Our Staff From Dispatches

LONDON — Willis Corroon Group PLC, one of the world's largest insurance brokers, said Thursday its first-half pretax profit fell 14 percent because of problems in its U.S. retail operations.

The British insurer earned £54.1 million (\$84 million) before taxes in the half, down from £63.1 million last year. The first quarter proved the most detrimental to the bottom line, with profit at Willis Corroon Americas falling 7 percent in the period. That division rebounded to a 3 percent gain in the second quarter, the company said.

But with expenses growing faster than revenue, the company — which matches people who want insurance with the underwriters who write policies — said it had initiated a strategic review of the group to improve profit.

Brokerage and fees rose 2 percent in the half, excluding exchange-rate differences, while ex-

penses on continuing operations grew 6 percent. Total brokerage and fees for the first half of 1993 dropped to £362 million from £371.2 million.

The company's shares slipped 1 pence on the results, to 154 pence. (Bloomberg, Reuters)

Higher Premiums Help Guardian Royal

Guardian Royal Exchange PLC's profit doubled in the first half, helped by a 14 percent increase in premium income, Reuters reported.

The British insurer earned £131 million in the six months, up from £65 million in the first half of 1993, helped by strong results from its Commercial Union, General Accident and Royal Insurance divisions.

Large increases in premiums combined with a fall in claims to produce a rare underwriting profit. Insurers normally rely on investment income to offset underwriting losses and produce a profit.

DISNEY: More Changes Likely After Executive Quits

Continued from Page 11

Eisner underwent emergency quadruple coronary bypass surgery. Hollywood buzzed with rumors this summer that Mr. Katzenberg would resign if he were not named president of the company.

Mr. Wells was brought in with Mr. Eisner in 1984 because he had a background in finance that Mr. Eisner lacked.

In its announcement Wednesday, Disney did not name a new president, but it did name Sanford Litvack, executive vice president of law and human resources, as chief of corporate operations.

"There's not a Frank Wells clone out there," Mr. Logsdon of Seidler said. But he said that between Mr. Litvack and Richard Nannula, the company's chief financial officer, "you're going to have many of the bases covered."

When asked how he felt about Mr. Katzenberg's departure, Mr. Eisner told The New York Times, "I've had less stressful days in my life." He added that Mr. Katzenberg had yearned to run his own compa-

ny and that his decision to leave was not based on the availability of the president's job.

When asked about his departure from Disney, Mr. Katzenberg told The New York Times, "It never got to an offer. It was not about a job opening. It was about an opportunity and a type of partnership that really wasn't in the cards."

The 43-year-old executive said he had informed Mr. Eisner and Mr. Wells a year ago that he might leave after his contract expired in September.

"I've not made any plans at all," he added. "I don't know what the opportunities are that are out there. I need to finish out the last 30 days of my contract."

Almost immediately, speculation centered on Mr. Katzenberg leaving for a top job with Matsushita Electric Industrial, which owns MCA/Universal; Sony Corp., which owns Columbia and TriStar Studios; or the ABC or NBC television networks.

Sony Corp. of America said later that Mr. Katzenberg was not joining Sony.

When Mr. Katzenberg does land, Disney may face a second round of change.

Thursday's Closing
Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

(Continued)

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ॐ नमो भगवते वासुदेवाय ॥ १ ॥
 श्रीकृष्णार्जुनसंवादे श्रीकृष्ण उवाच ॥
 दृष्ट्वा तु पाण्डुपुत्रोत्तमांश्चक्रेः प्रवृत्तान् ॥
 धनुर्धराः सर्वान्करुणः स बभूवुः पथः ॥
 १ ॥

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Recovery Powers Matsushita Electric

Compiled by Our Staff From Dispatches

TOKYO — Matsushita Electric Industrial Co. said Thursday that recovering economies and increased spending in Japan and the United States helped lift consolidated pretax earnings 11 percent in its first quarter, which ended June 30.

The maker of the Panasonic and National brands of electronic goods said consolidated pretax profit for the period rose to 37.6 billion yen (\$395 million) from 33.7 billion yen a year earlier, while sales rose 3 percent, to 1,642 billion yen.

Matsushita is one of the few Japanese companies that report quarterly earnings. The figures are taken as an indication of whether the company is on target for its profit forecasts for the year ending March 31, 1995.

The electronics company said it was on track to achieve its forecast of earnings of 190 billion yen in the full year, up from 128.12 billion yen last year.

The company said consumer spending in Japan picked up slightly, while there was a "considerable improvement" in the economies of the United States

and the rest of Asia and some European countries. That helped offset the effects of the strong yen on earnings, Matsushita said.

Matsushita exports 38 percent of its products. Revenue from those products sold overseas in dollars must be converted back into yen, so a fall in the dollar cuts into profit.

The company said improved sales in its audio, communications equipment, battery and components division helped push up earnings.

(Bloomberg, AFP)

Rise in Oki Profit Seen

Oki Electric Industry Co. is likely to post earnings of 16 billion yen for the first half of its financial year, ending in September, Agence France-Presse reported, quoting Japanese press reports.

Profit that high would be double Oki's earlier estimate. The company said its forecast remained near 8 billion yen, which would be a turnaround from a 6.8 billion yen loss a year earlier.

In Asia, Satellite Warfare Singapore and Hong Kong Want Stations

Bloomberg Business News

HONG KONG — Singapore is threatening Hong Kong's dominance in Asia's rapidly growing broadcast industry, according to a Hong Kong government official.

"As things stand at present, it may seem more attractive for foreign satellite TV broadcasters to base their services in Singapore than in Hong Kong," especially considering Hong Kong's scheduled reversion to Chinese control in 1997, the colony's secretary for recreation and culture, James So, said in Vancouver, British Columbia, on Wednesday.

Mr. So outlined a number of proposed policy changes that he said could help Hong Kong remain more attractive to broadcasters. One of his key suggestions, a change in restrictions on foreign ownership, would take time to achieve, he said, because China would have to be consulted and laws amended.

Beijing is concerned about the infusion of Western news and culture as carried by satellites. It is illegal for individuals and unlicensed organizations in China to install or use satellite dishes, but the rule is widely disregarded.

China could therefore be reluctant to encourage a territory that will soon be under its control to become a center for broadcasting in Asia.

In April, the Hong Kong-based Asian regional satellite broadcaster STAR-TV dropped the BBC World Service from its

programming in northern Asia, including China, in response to pressure from Beijing.

Mr. So referred to China's sensitivities in his speech. If a foreign satellite broadcaster hopes to succeed in penetrating the Asia-Pacific market, he must be highly sensitive to the social, cultural, religious and political diversity of the region and be ready to respect that diversity and differences, he said.

Mr. So said a particular ban on Cantonese language programming by Hong Kong-based satellite broadcasters was likely to be lifted early next year. That ban has prevented STAR-TV, owned by Rupert Murdoch's News Corp., from showing Cantonese-language films and entertainment programs on two of its channels.

STAR's satellite links are through Hutchison Hong Kong, which is controlled by STAR's former owner, Hutchison Whampoa Ltd. This arrangement has enabled STAR to avoid breaking the rules on foreign ownership.

Mr. So said Hong Kong's close coordination with Beijing could work to the advantage of broadcasters seeking to enter the China market, as Hong Kong's licensing conditions were "more likely to be acceptable."

Mr. So said Singapore offered such attractions as tax breaks, financing plans and sites for satellite facilities. He said Japan did not encourage foreign broadcasters to base services there.

NEC Shifts Stance on Standard

Compiled by Our Staff From Dispatches

TOKYO — NEC Corp. is considering selling a computer in Japan that can work with those made by IBM — a major change from a long-standing policy of protecting its own computer standard.

The company is planning to sell a server, which is used to control networks, that can be linked to NEC's own computers and to those built by International Business Machines Corp., said Akira Kobayashi, NEC's senior executive vice president.

The introduction of the server would mean that for the first time, NEC users in Japan could use NEC hardware to link their IBM-compatible computers with NEC machines.

NEC already makes and sells IBM-compatible servers in the United States.

NEC is the only Japanese computer maker that still sells only computers and servers it has developed itself. The others have been shifting to machines compatible with IBM's, which virtually constitute the global standard.

"The move was not motivated by foreign competition," Mr. Kobayashi said.

NEC has carefully guarded its position as the leading supplier of personal computers in Japan. The company's machines, which have a 52 percent share of Japan's personal-computer market, cannot use the software that is written for IBM-type computers.

(AP, Bloomberg)

Investor's Asia

Hong Kong Hang Seng	Singapore Straits Times	Tokyo Nikkei 225
11000	2400	22000
10000	2200	21000
9000	2000	20000
8000	1800	19000
7000	1600	18000
6000	1400	17000
5000	1200	16000
4000	1000	15000
3000	800	14000
2000	600	13000
1000	400	12000
0	200	11000

Exchange	Index	Thursday Close	Prev. Close	% Change
Hong Kong	Hang Seng	9,336.11	9,238.69	+1.05
Singapore	Straits Times	2,287.21	2,278.82	+0.37
Sydney	All Ordinaries	2,077.80	2,061.10	+0.81
Tokyo	Nikkei 225	20,443.29	20,511.80	-0.33
Kuala Lumpur	Composite	1,138.14	1,141.57	-0.48
Bangkok	SET	1,444.72	1,474.58	-2.02
Seoul	Composite Stock	945.41	943.64	+0.19
Taipei	Weighted Price	6,858.01	6,862.14	-0.06
Manila	PSE	3,127.05	3,124.11	+0.09
Jakarta	Stock Index	502.96	498.54	+0.89
New Zealand	NZSE-40	2,118.99	2,102.71	+0.77
Bombay	National Index	2,096.84	2,102.82	-0.28

Sources: Reuters, AFP

International Herald Tribune

Very briefly:

• Standard Chartered PLC is negotiating with Indonesia to provide assistance to the management of state-run Bank Pembangunan Indonesia, or Bapindo, which lost about \$450 million in a credit fraud, the Antara news agency said.

• Japan's industrial robot manufacturers are planning a major export drive because of the slumping domestic market.

• China's government has renewed its commitment to pay rebates to foreign-funded firms whose tax bills have soared because of reforms introduced this year, a senior tax official said.

• Pasminco Ltd. of Australia, the world's biggest zinc producer, narrowed its net loss for the year to June to 14.4 million Australian dollars (\$11 million) from \$6.9 million dollars last year.

• Taiwan's Council for Economic Planning and Development cleared a 230.5 billion dollar (\$9 billion) project to build a rapid-transit system in the southern port city of Kaohsiung by 2007.

Higher Costs Give Philippine Airlines a Loss

Bloomberg Business News

MANILA — Philippine Airlines said Thursday it had a loss of 451 million pesos (\$17 million) in the year ended March 31 because of escalating operating costs and increasing competition.

The company said expenses jumped 17 percent last year, to 27 billion pesos, outstripping a 9 percent gain in revenue, to 26.7 billion pesos. It was the airline's first loss since a government bailout in October 1991. The carrier earned 1.03 billion pesos in the year ended in March 1993.

Company executives said they also expected the airline to have a loss this year.

Hutchison Whampoa Results Help Cheung Kong

Compiled by Our Staff From Dispatches

HONG KONG — Cheung Kong (Holdings) Ltd. said Thursday its first-half profit slipped about 1 percent, with a 48 percent surge in profit by Hutchison Whampoa Ltd. preventing a sharper drop in earnings.

Both companies are controlled by the investor Li Ka-Shing, Cheung Kong, Mr. Li's flagship investment company, owns 46 percent of Hutchison.

Cheung Kong earned 4.47 billion Hong Kong dollars (\$579 million) in the half, down from 4.53 billion dollars in the 1993 first half, because of declining profit from real-estate development. Many projects involved in are not scheduled for completion until the second half, Mr. Li said.

Hutchison Whampoa's profit leaped to 3.73 billion dollars from 2.52 billion dollars amid strong contributions from all sectors, including real estate,

container ports, telecommunications, retailing and energy operations.

Hutchison was the second-biggest contributor to Cheung Kong's profit.

Sales at Hutchison rose to 14.06 billion dollars from 11.52 billion dollars.

Hutchison's A.S. Watson restructured company performed strongly, with overall profit significantly ahead of the year-earlier period, Mr. Li said. He did not offer specific figures.

The amount of container traffic handled by Hongkong International Terminals, the company's Hong Kong container port operator, climbed 27 percent in the first half of the year, he said.

Hutchison's share of profit from associated companies rose 71 percent, to 1.78 billion dollars. One of its affiliates, Hong Kong Electric Holdings, said Aug. 11 that its first-half net profit rose 33 percent.

Hutchison raised its first-half

dividend to 26 cents a share, up from 19 cents a share a year earlier. The results helped send the company's shares up to 35.50 dollars from 35.20.

(Bloomberg, Knight-Ridder)

Price Review Planned

Hong Kong's government plans to announce a review of

the commercial-property market by the end of September, Knight-Ridder reported.

Tony Eason, the secretary for planning, environment and lands, said that compared with residential property prices, commercial prices are out of sync. "People are as anxious about,"

Malaysia Air's Cutbacks to Focus on Domestic Service

Compiled by Our Staff From Dispatches

KUALA LUMPUR — Malaysia Airlines will soon be restructured to become more competitive and efficient, the chief executive of the national carrier said Thursday.

Tajudin Ramli, chairman of the Malaysia Airlines, said every aspect of the company would be reviewed.

He said the major pruning would be done on the government-subsidized domestic services, which hurt profit.

Mr. Tajudin, who took over early this

month, said a subsidiary could be formed to operate domestic services.

Some analysts are concerned that the government will demand that the airline continue to fly unprofitable routes. Mr. Tajudin said he was in continual contact with government officials.

"The government is very receptive to suggestions," he said.

If adjustments are not made to the airline's management and operations, "Malaysia Airlines could end up like Pan Am," Mr. Tajudin said.

Once the biggest airline company in the United States, Pan American World Airways stopped flying in December 1991.

Mr. Tajudin said there would be no staff layoffs in the company, which has about 20,000 employees.

In its last financial year, Malaysia Airlines had pretax group profit of 4.3 million ringgit (\$2 million), recovering from a loss of 179.2 million ringgit the previous year.

(AP, Bloomberg)

Philippine High Court Backs Ramos on VAT

Bloomberg Business News

MANILA — The Philippine Supreme Court gave President Fidel V. Ramos a victory in his campaign to raise additional revenue when it upheld an expanded value-added tax.

Emilio Neri Jr., an economist at the Center for Research and Communications, said the action sent an important signal to the investment community that Mr. Ramos could push for needed reforms.

SOUTH AFRICAN RESERVE BANK

Economic reconstruction and development with financial stability

Extracts from address by Dr C. L. Stals, Governor of the South African Reserve Bank, at the seventy-fourth ordinary general meeting of shareholders of the Bank on 23 August 1994

Introduction

The long awaited recovery in the South African economy finally materialised during the past twelve months. The country entered its longest post-war recession as far back as March 1989, while the protracted downturn phase only levelled out during the first half of last year. Since the third quarter of 1993, total economic activity has clearly been on a recovery path. This new upward phase was evident in the first quarter of 1994, but then regained some momentum in the second quarter of this year.

The current recovery was also fostered by favourable weather conditions which led to a sharp increase in agricultural output, and by higher growth in some industrial countries which further promoted export volumes.

Most important of all, of course, the good progress made in South Africa over the past year in the political and social reforms which culminated in the widely supported democratic election of 27 April 1994, and in the subsequent inauguration of Mr Nelson Mandela as the new President. In the period leading up to the election, initiatives were launched for the withdrawal of international sanctions and other punitive economic actions applied against South Africa in terms of United Nations resolutions. With the progressive termination of these actions, South Africa's international economic relations were gradually normalised, and the facilities imposed by such institutions as the International Monetary Fund and the World Bank became accessible once again.

South Africa has arrived at a momentous stage in its history of development and must now display national responsibility for good economic governance and self-reliance.

The beginning of a new economic upswing
After more than four years of low and, for most of the time, even negative growth, the South African economy started to recover again during the course of 1993. In the twelve months from July 1993 to June 1994, real gross domestic product was up 3.1 per cent higher than in the immediately preceding twelve months. Growth was particularly strong in the second half of 1993, but then faltered in the early months of 1994, mainly as a result of renewed uncertainties leading up to the election of 27 April. In the second quarter of 1994, the expansion regained some momentum when gross domestic product increased at a seasonally adjusted annual rate of about 2 per cent.

The present upswing was supported by firm increases in the main components of domestic expenditure, such as consumption expenditure by households, gross domestic fixed investment and the accumulation of inventories. Together with a relatively sharp rise in current consumption expenditure by general government, the increases in the various components of demand pushed total real gross domestic expenditure for the twelve months ending in June 1994 to a level 4.6 per cent above the level for the immediately preceding twelve months.

Despite the revival in total economic activity, total formal-sector employment continued to decline in 1993. In fact, the rate of decrease in employment accelerated from 0.6 per cent in 1990 and 2.1 per cent in both 1991 and 1992 to 2.5 per cent in 1993.



Persistent capital outflows

As could have been expected against the background of rising domestic expenditure, increases in imports, particularly in the first half of 1994, led to a smaller surplus on the current account of the balance of payments. Following upon a surplus of R5.4 billion in 1993, the actual current account surplus declined to only about R0.5 billion in the first half of 1994.

This rapid deterioration in the current account during the early phase of an economic recovery makes the need for an improvement in the capital account of the balance of payments all the more important. Thus far, the net capital outflow has receded from no less than R8.8 billion in the last six months of 1993 to R3.7 billion in the first six months of 1994.

The weighted average value of the rand against a basket of the currencies of South Africa's major trading partners depreciated by no less than 18.7 per cent from the end of December 1993 to the end of July 1994. This depreciation in the nominal value of the rand exceeded the inflation differential between South Africa and the relevant countries, with the result that the real effective exchange rate of the rand depreciated by about 10 per cent over the same period.

Current financial developments

In 1993, the Reserve Bank not only provided the foreign exchange market with substantial amounts of foreign exchange in order to lean against the wind in respect of a declining exchange rate, but also supported the money market to avoid an excessive tightening in liquidity and a possible rise in interest rates at a very early stage of the economic upswing.

The situation, however, changed during the course of 1993. The rate of growth in the M3 money supply measured over twelve-month periods increased from 1.9 per cent in July 1993 to 7.0 per cent in December 1993, and to 15.0 per cent in June 1994.

The rate of expansion in the amount of bank credit extended to the private sector, also measured over twelve-month periods, contracted from 8.7 per cent in December 1993 to 5.2 per cent in May 1994, before rising again to 9.7 per cent in December 1993 and to 13.5 per cent in June 1994.

Against the background of the persistent outflows of capital and the depreciation in the exchange rate of the rand, the Reserve Bank switched to a more neutral policy stance during the early part of 1994 and refrained from any further special assistance to the money market.

Interest rates in general reached a lower turning point in February 1994. From then onwards the yield curve over its full maturity spectrum shifted to a higher level. With long-term rates increasing even faster than short-term rates, the yield curve adopted a rather steep upward slope as the gap between long and short-term interest rates widened.

These developments ruled out the possibility for any further reduction in the Bank rate after a consecutive reduction had been made from 18 per cent in March 1993 to 12 per cent in October 1993.

Large borrowing requirements of government
Over the past three fiscal years that ended on 31 March 1992, 1993 and 1994, the deficit before borrowing on the budget of the central government amounted to 4.3, 8.3 and 9.9 per cent of gross domestic product, respectively. For the fiscal year 1994/95 this deficit has been projected at a level of 22.9 billion, or 6.6 per cent of the estimated gross domestic product.

The economy is now on a new course of expansion, private sector fixed investment is increasing and there is a rising demand for funds, as evidenced by the recent, admittedly only moderate, increase in the amount of bank credit extended to the private sector. In this situation, excessive borrowing by government could lead to a substantial rise in interest rates and a "crowding-out" of the private sector, and/or to the temptation of financing part of the deficit through bank credit. Both these courses will weaken or later dampen the economic upswing and reduce the country's ability to maintain the current television expansionary phase for any length of time, not unlike the old-style experience of the seventies.

Inflation declines but inflationary pressures persist

One of the most gratifying developments in the past year has been the decline in the rate of inflation. Both the producer and consumer price indexes over the past year increased at their lowest rates for more than two decades. The overall producer price index in 1993 increased by only 6.6 per cent and the consumer price index by 4.7 per cent. Measured over twelve-month periods, the rate of change in the producer price index reached its lowest level of the past eighteen months equal to 5.4 per cent in October 1993, before rising again to 7.9 per cent in June 1994. On the same basis, consumer price inflation turned around from a low of 7.1 per cent in April 1994, before increasing to 7.3 per cent in June 1994.

The many disadvantages of inflation have been spelled out in previous Governor's Addresses at these meetings, in almost all the Annual Economic Reports issued by the Bank in recent times, and in many public speeches and publications by Reserve Bank officials. These disadvantages can be summarised in terms of the following quote from the last pages of the Reconstruction and Development Programme itself: "Excessive inflation or serious balance of payments problems... would worsen the position of the poor, curtail growth and cause the RDP to fail".

Multi-factor productivity must improve

Now that South Africa is being reintegrated into the world economy, and our producers are increasingly being exposed to international competition, it is of the utmost importance that we shall as a nation become much more competitive.

A combination of relatively low wage increases on the one hand, and increased output per worker, on the other, resulted in a decrease of no less than 3.0 per cent in the unit labour cost per unit of physical output in 1993. This development is maintained, again well for the country's prospects for economic development.

There is an undeniable potential to increase productivity further in South Africa, for example through better education and training, improvement of services such as health care, transportation and electrification, the introduction of more advanced technology and the promotion of effective competition. In other words, the achievement of many of the objectives of the Reconstruction and Development Programme is of great importance, not only for socio-political reasons, but also for future economic development.

The constraint of exchange controls

The exchange controls may have had some success in achieving the original objectives, but like all direct controls of market activities applied over an extended period of time, they have also created many distortions in the South African economy, affecting the exchange rate, the general level of interest rates, the prices of real estate and financial assets, and even wages and salaries. Adjustments in these important economic variables which should normally have taken place over the years were either postponed or depressed under the system of exchange controls, and backlogs which accumulated could have been accommodated once the controls are ultimately removed.

In the long run, and in the interest of future economic growth, South Africa must liberalise its foreign exchange market and revert to a system of unitary floating exchange rates, influenced only by necessary Reserve Bank intervention aimed at smoothing out excessive short-term fluctuations.

An important step in this direction was taken when agreement was reached in September 1993 with South Africa's foreign creditor banks for a final rescheduling of the remaining amount of US\$4.5 billion of the original amount of \$13.6 billion blocked in South Africa since August 1985 in terms of a series of interim debt arrangements. This balance will be fully repaid in creditors in regular six-monthly instalments up to 2001.

As far as the remaining exchange controls are concerned there are, however, many different views on how and when South Africa should move from the present system to the desired system, and what supplementary and supporting actions may be necessary to facilitate this transition. In many other countries, exchange controls were successfully abolished only as part of a comprehensive and well-planned macro-economic restructuring programme, often with the co-operation and support of the International Monetary Fund and the World Bank. Such programmes usually provided for appropriate interest rate and exchange rate policies, and also committed the central bank and the government to clearly defined restrictive monetary and fiscal disciplines. The programmes as prescribed in some countries also included constraints on future wage increases, and established external financing facilities to support the balance of payments in the transition period, if necessary.

The abolition of exchange controls in isolation without any supportive auxiliary measures may cause serious disruptions in the initial phase of the transition.

transition, and force the re-introduction of the old controls, or even the application of other new direct controls over markets, all of which may be more damaging to the economy. South Africa must for obvious reasons avoid this route.

The timing of the abolition of exchange controls, particularly if it were to be done without the support of a comprehensive package of other macro-economic measures, is of vital importance. It will be advisable, for example, to take the plunge only after South Africa has finalised arrangements for re-entering the international capital markets. The Reserve Bank has also warned before that the adjustment process could be rather painful if the abolition of exchange controls were to take place in a situation where the discount between the two exchange rates is still substantial, large amounts of readily available financial funds are still held on deposit with banking institutions in South Africa, and the Reserve Bank has but a small amount of foreign reserves at its disposal to support the foreign exchange market in the initial transition period.

It is naive to believe that huge amounts of capital will flow into South Africa on a net basis once the restrictions on the outflow of capital from the country are removed. Exchange control is but one obstacle for the foreign investor who is looking around the world for countries where he can invest his savings. Other considerations, such as social and political stability, economic viability, sound fiscal and monetary policies and improvements in multi-factor productivity, are of even greater importance for most potential foreign investors.

The financial structure

A number of South African banking institutions are now involved in programmes for the establishment of a presence in major international financial centres and are also opening branches or subsidiaries in other African countries. This "internationalisation" of South African banks increases the responsibility of our regulatory and supervisory authorities to promote sound and well-managed banking institutions in the country.

For these reasons, the South African regulatory authorities have actively encouraged the development of appropriate clearing, settlement, ownership transfer and market information systems and are now insisting on proper intra-market and cross-market risk management systems, including capital adequacy requirements for market participants. Extended risk management arrangements have become necessary because of the rapid growth of the South African financial markets during recent years — in terms of the number of instruments and participants as well as turnover — and the concomitant higher potential for systemic risks, including cross-market contagion. The Reserve Bank is now leading an initiative to create a strategic framework for the further development of the national payment system, aimed at achieving greater efficiency and risk reduction.

Many demands are now being made on South African banking institutions to extend their activities in South Africa to accommodate also the banking needs of the less privileged parts of the population, and to provide more funds for purposes such as housing, export financing, agriculture and small business development. The banks surely have responsibilities in this regard and can in the normal course of their business make an important contribution to the implementation of the Reconstruction and Development Programme. However, it must be taken into consideration at all times that a bank's credibility and survival in the longer run will be determined by the quality of its assets book. Banks must not be lured into excessive risk exposures, for then they may also one day become dependent on subsidies from government.

Concluding remarks

South Africa earned the admiration of the world with the way in which it introduced a new and fully democratic political dispensation. The people of the country tackled almost insurmountable problems of socio-political reform with determination, and with the will to succeed.

South Africa must now face the next task, that is of economic reconstruction and development, in the same spirit — we must play the game with the will to win. On the one hand, the country is faced with massive but not unreasonable expectations of its people for better living conditions and a better standard of life. On the other hand, we have limited resources to meet the needs of our people, for example, limited savings from which the necessary funding for the many urgent development programmes and expansion of the physical production capacity must be provided... This challenge gives no reason for despair — it is a normal situation for any country in a similar stage of economic development.

There is no instant solution to this macro-economic challenge. South Africa must rid itself of the illusion that solutions can be found simply through artificial changes to prices; we cannot make South Africa rich just by depreciating the exchange rate, by lowering interest rates, by increasing wages, or by creating more inflation. Real wealth comes through hard work, greater efficiency, improved productivity and by being more competitive than other nations. Real wealth can only be created over decades rather than years, and any durable process of economic development can only be maintained in an environment of overall social, political, financial and economic stability.

Against this background, the Reserve Bank has no other option but to continue to pursue its objectives of maintaining a stable overall financial environment, backed by sound and well-managed financial institutions, operating in efficient and reliable financial markets. This must remain the cornerstone of monetary policy in

AUG. 25, 1994

... prices.
... weekly (w) - twice weekly (tw) - month

Emerging Markets CB	10.07	Derivative Asset Alloc	1008.78
Global Utilities	10.09	Dreyfus American Fund	21.93
Global Convertible	10.22	U.S. American Ed.	109.72

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SPORTS



Kieren Perkins after breaking his world record.

Australian Sets 2 Swim Records In Same Race

VICTORIA, British Columbia — Kieren Perkins of Australia broke two world records in the same race, winning his fourth gold medal on the final night of swimming at the Commonwealth Games.

His time of 14 minutes 41.66 seconds in the 1,500-meter freestyle was more than a second faster than the record of 14:43.48 that he set at the 1992 Olympics. Perkins, 21, also broke his world 800 mark during the race at 7:46.00, bettering the record he set in Sydney in February 1992 by 6 seconds.

"Once I got the 800 I was feeling good," Perkins said. "I was feeling pain, but I was still buoyed by the reaction of the crowd. There was one hell of a dull roar coming through the water."

In swimming, the 800 is considered part of the 1,500 for record purposes. The two records have been broken in the same race eight times since 1958. The last to do it was Stephen Holland of Australia in 1976.

Australia won all six swimming events Wednesday and finished with 24 of a possible 32 gold medals in the six days of competition.

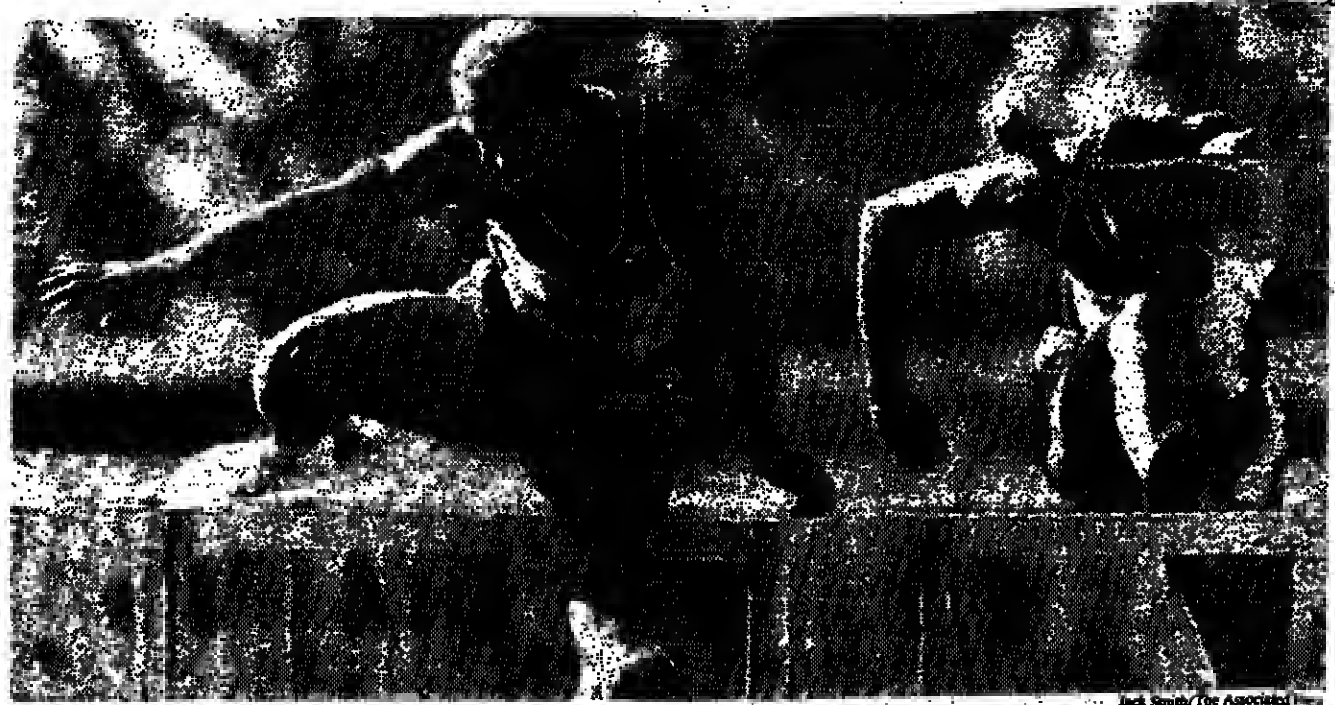
Perkins was swimming alone, far ahead of his competition, almost the entire race, cheered on by the fans, his teammates and other swimmers who lined the pool at Saanich Commonwealth Place.

Perkins also won the 200 and 400 freestyles and was part of the winning 800 freestyle relay, setting Games records in all three. He was .77 seconds off the world mark in the 400.

Two of his teammates, Susan O'Neill and Nicole Stevenson, each won a third gold.

O'Neill led an 1-2-3 Australian sweep in the women's 200-meter butterfly, winning in 2:09.96, a Games record. Hayley Lewis, the defender, won the bronze and Julie Majer the silver.

Stevenson won the women's 200-meter backstroke in 2:12.73. Matthew Dunn won his first individual gold in the 200-meter individual medley in 2:02.28.



Simon Shirley of England, left, and teammate Alex Kruger clearing hurdles in the 110-meter event in the decathlon.

The Australians also got a second gold medal from Karen Van Wierden, who won the 50 freestyle in 25.90, and from the men's 400 medley relay team in a Games record in 3:40.41.

In track and field, it was a day of disappointment for South Africa as Yvonne Murray of Scotland sprang away from Elena Meyer over the final 500 meters for an upset victory in the women's 10,000-meter race. Running the event for the first time in nine years and sec-

ond time of her career, Murray stayed just behind Meyer's right shoulder through most of the race before making her move with just over a lap to go.

Meyer, who hoped to give South Africa its first Commonwealth Games gold medal in 36 years, had nothing left to respond to the challenge.

Murray's winning time was 31 minutes 56.97 seconds.

There was a lot of success for England on the track, where Rob Denmark of England

Boardman Gains A 2d Cycling Title

Compiled by Our Staff From Dispatches

CATANIA, Sicily — Chris Boardman of Britain took his second title at the world cycling championships on Thursday, winning the 42-kilometer time trial.

Karen Kurreck of the United States captured the world title in the women's individual time trial — a new event at the cycling championships.

Boardman clocked 49 minutes 34.5 seconds to beat Andrea Chiariato of Italy by 50 seconds in heat of more than 40 degrees centigrade (104 degrees Fahrenheit). Jan Ulrich of Germany was third in 51 minutes 25.4 seconds.

"The heat was incredible," Boardman said. "I rode the first half carefully, and after that it was just a question of counting off the kilometers to the finish."

He was the fastest at each time check and before the finish overtook the Tour of Italy winner, Yevgeny Berzin of Russia, who had started three minutes before him.

Last week in Palermo, Boardman added the world 4,000-meter pursuit title to his Olympic gold at that discipline, and on Thursday he brought down the curtain on an outstanding first full season as a professional with French team GAN.

He spent three days in the yellow jersey of the Tour de

France leader after winning the opening time trial in Lille in early July. Now he has pledged himself to a road racing career centered on the tour.

Berzin, who has twice beaten Miguel Indurain at his specialty, time trials, in the Tour of Italy, was nowhere near that form on Thursday. He was struggling in the heat as Boardman caught him.

Kurreck, 32, beat Anne Sampsonius of Canada by 44.9 seconds in an unexpected showing by North American athletes in the 29.6-kilometer race through the streets of Catania. The French veteran Jeannie Longo finished third.

Kurreck, who began cycling two years ago after a career as gymnast at the University of Illinois, took the rainbow jersey completing the distance in 38 minutes 22.8 seconds. Sampsonius finished in 39:07.7, and Longo finished in 39:44.1.

Clara Hughes of Canada, who finished fourth in 39:50.7, led Kurreck by 8.6 seconds at the split. She slowed down in the final kilometers as Kurreck took command.

"I told myself I'd be happy in the top five," Kurreck said. "I just went as hard as I could go. It's just you and the clock."

Rebecca Twigg, the No. 1 American woman in time trials, placed sixth. (AP, Reuters)

SCOREBOARD

Japanese Leagues

Central League	Pct.	GB
Yomiuri	.62	0
Hanshin	.54	8
Hiroshima	.52	10
Chunichi	.50	12
Yokohama	.48	14
Yokohama	.46	16

The Michael Jordan Watch

WEDNESDAY'S GAME: Jordan went 3-4 with two dunks, one double two run, two steal blocks, one steal and a layup in a 91-85 victory over Orlando. He had three points in left field.

SEASON TO DATE: Jordan is batting .300 (162-for-491) with 42 runs, 17 doubles, 1 triple, 2 home runs, 48 RBIs, 45 steals, 103 strikeouts and 27 stolen bases in 44 at-bats. He has 202 points, five assists and 10 errors in the outfield.

EUROPEAN CUPS SCORES

Wednesday's Results
 Preliminary Round, second leg
 Cologne Sabers 3, Maccabi Haifa 1. Cologne Sabers advances on 5-3 aggregate.
 Dynamo 3, Vitebsk 1. Dynamo advances on 5-1 aggregate.
 Gostotvoray 3, Avenir Beggen 1. Gostotvoray advances on 5-1 aggregate.
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 Gostotvoray 3, Avenir Beggen 1. Gostotvoray advances on 5-1 aggregate.

Commonwealth Games

1,500-Meter Freestyle — 1. Kieren Perkins, Australia, 14:41.66. 2. Peter Winter, Australia, 14:46.96. 3. Peter Winter, Australia, 14:46.96. 4. Peter Winter, Australia, 14:46.96. 5. Peter Winter, Australia, 14:46.96. 6. Peter Winter, Australia, 14:46.96. 7. Peter Winter, Australia, 14:46.96. 8. Peter Winter, Australia, 14:46.96. 9. Peter Winter, Australia, 14:46.96. 10. Peter Winter, Australia, 14:46.96.

Commonwealth Games

110-Meter Hurdles — 1. Simon Shirley, England, 1:52.42. 2. Alex Kruger, England, 1:52.42. 3. Simon Shirley, England, 1:52.42. 4. Alex Kruger, England, 1:52.42. 5. Simon Shirley, England, 1:52.42. 6. Alex Kruger, England, 1:52.42. 7. Simon Shirley, England, 1:52.42. 8. Alex Kruger, England, 1:52.42. 9. Simon Shirley, England, 1:52.42. 10. Alex Kruger, England, 1:52.42.

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DENNIS THE MENACE



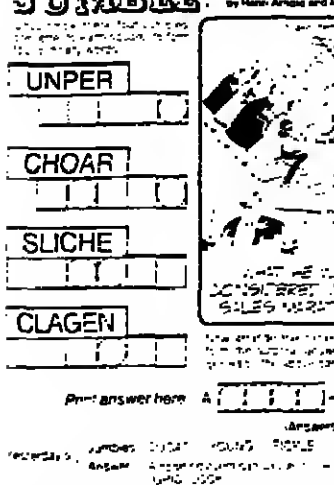
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CALVIN AND HOBBES



JUMBLE



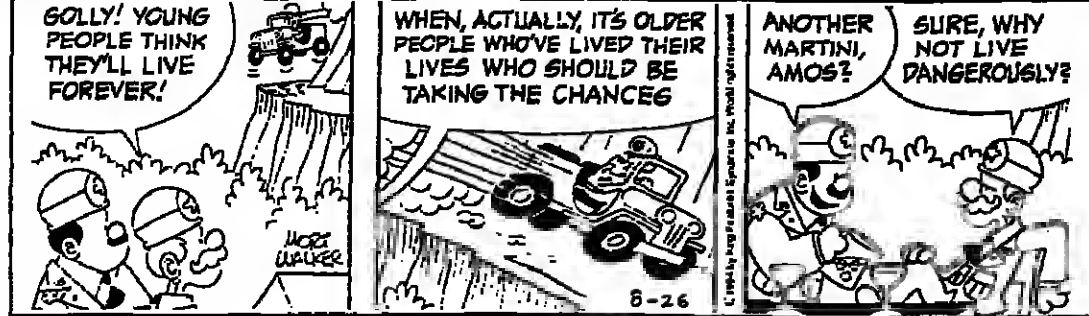
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SPORTS

Will 'Lucky' Circuit Lift Schumacher's Formula One Lead?

SPA-FRANCORCHAMPS, Belgium — Michael Schumacher, the leader in the Formula One drivers' championship, will be hoping for more good fortune on his "lucky" and favorite circuit this weekend to help add to his lead in the title race at the Belgian Grand Prix.

The 25-year-old German, who has won 7 of 10 races this year for Benetton, leads the British Damon Hill of Williams by 31 points.

But he knows he may have his two-race ban, for ignoring a black flag during the British Grand Prix, confirmed when he appeals that punishment in Paris on Tuesday.

For Schumacher, however, the Spa-Francorchamps circuit is a special attraction. It is the track on which he made his For-

mula One debut in 1991 and where he won his first race in 1992.

"I always have very special feelings about going to Spa," he said. "It is the circuit which is nearest to my family home in Germany, and I always have a lot of support."

"It is almost like my 'home' Grand Prix, if you like. So, I shall be doing my utmost to try and be successful there again."

Schumacher has 76 points to Hill's 45, but if he misses two races — likely to be the Italian and Portuguese — and Hill wins them both, Schumacher's 31-point lead could be trimmed to 11 by the time of the European Grand Prix at Jerez, Spain, on Oct. 16.

Since last year, the track, the longest and one of the fastest on the calendar, has been modified to increase safety. This has meant the elimination of the Eau Rouge corner, a dipping left-right sweep of track that is followed immediately by a steep hill swerving away to the right.

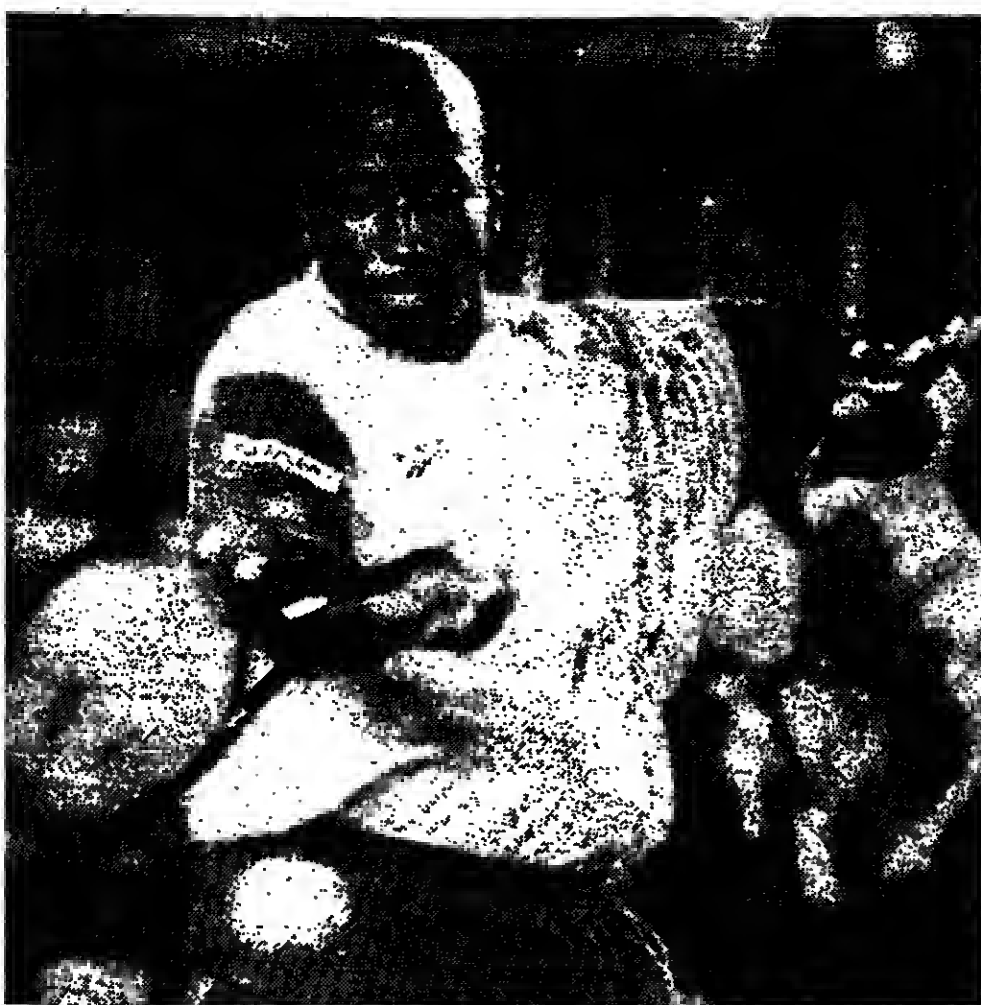
It has long been regarded by the drivers as the most demanding and potentially dangerous corner in the world.

But this year it has been neutralized with the introduction of a chicane on a temporary basis. Next year, the track — currently made up of a mixture of purpose-built circuit and local public roads — will become a permanent circuit.

"I don't know any drivers who don't like Spa," said Hill. "I think it is a majestic circuit in a fantastic location. It is a vast circuit, so what you complete a lap it is a long one."

And unlike Hungary where you feel you are going around in circles, you do feel you are going somewhere.

While the battle for the title between Schumacher and Hill and Benetton and Williams will dominate attention, the challenge from Ferrari should not be ignored. The Italian team has a powerful V12 engine and should be highly competitive on this track.



MakiVai Washington smashing his way to an upset of Stefan Edberg in the Hamlet Cup.

Baseball Owners Dispute Study of Game's Finances

By Mark Maske

WASHINGTON POST SERVICE
NEW YORK — Major league owners and their labor negotiator, Richard Ravitch, have dismissed a study by a Stanford University economist — which concludes that baseball is financially healthy as an industry and will continue to be that way in the foreseeable future — as a Players Association propaganda.

Union officials, meanwhile, cited the findings as further proof that the owners' attempt to install a salary cap is a ploy designed to maximize profits in an already booming business.

Donald Fehr, the union chief, said the study was out of the union's pocket and the ownership representatives during the meeting Wednesday with the players — the first such get-together since the players went on strike on Aug. 12.

But management officials spent plenty of time attacking the economist, Roger Noll, and his report, which was mailed to each of the 28 major league teams this week.

Ravitch and the owners were

quick to point out that Noll had worked for the union since 1983, when he prepared a study of baseball's finances during the collective-bargaining process. And they added that Noll works frequently for unions in other sports and was disallowed as an expert witness in court recently during the National Basketball Association labor dispute.

Baltimore Orioles officials said some of the information regarding the club's finances contained in Noll's report was incorrect.

"I know of Mr. Noll," Ravitch said at a news conference. "He's an economist who has worked with sports unions. The players and the union are entitled to have any advocacy statement prepared by their lawyer."

John Harrington, the Boston Red Sox general partner, said: "He was paid to reach those conclusions. It's a very biased report."

Sources said that Ravitch and his staff were working on a response to Noll's report for when the meeting resumes on Thursday. The response,

sources said, would focus on three main points: Noll's assertion that the players' salaries have risen at a rate comparable to baseball's revenues, Noll's alleged misrepresentation of the owners' revenue-sharing plan and his claims that the owners are hiding their profits.

Ravitch addressed the first of those points on Wednesday night, saying that player compensation consumed 42 percent of baseball's gross revenues in 1989 and 58 percent this year. He said it was "absurd to suggest" that the game's revenues had risen at the same rate as the players' salaries.

Both Ravitch and Bud Selig, the Milwaukee Brewers' owner and baseball's acting commissioner, said they had not had time to go over Noll's report thoroughly. But Selig said by telephone that the owners stood by the bleak picture they have painted of baseball's finances.

In the report, Noll asserts that the owners underreported their 1993 profits by at least \$50 million and underestimated their '94 revenues by \$50 million to \$140 million. According to the owners' financial statements, the 28 major league clubs turned a \$50 million profit last year but were projecting to lose \$47 million this year (with industrywide revenues of \$1.803 billion and operating expenses of \$1.85 billion) in an uninterrupted season.

Noll says the owners are hiding revenues (and profits) in complex local television contracts and in inflated general and administrative expenses — including management fees paid to owners. The economist writes in the report that the clubs exceeded by \$124 million from 1992 to '94 the reasonable costs needed to run their front offices (which he places at \$5.5 million per team per year).

Noll says the owners' national broadcasting deals display "poor business judgment."

He says teams are not destined to fail in any of the current markets, although he does assert that the revenue-sharing among the clubs is inadequate.

Skater Jansen Calls It Quits

The Associated Press

MILWAUKEE — Gold medalist Dan Jansen, whose frustration and triumph held America's attention through four Olympics, is retiring from speedskating and will become a television commentator.

Jansen, 29, won a gold medal in the 1,000 meters at Lillehammer, Norway, in February, ending years of Olympic frustration.

At the 1988 Games in Calgary, he fell twice after his sister died of leukemia hours before his first race. Despite success in international competition, he failed to win a medal in Albertville, France, in 1992.

He slipped during his 500-meter race at Lillehammer and finished out of medal contention. Five days later, he won the 1,000 in world-record time.

Navratilova Wants to Be No. 1 — at the WTA

By Robin Finn

New York Times Service

NEW YORK — Martina Navratilova won't be the first retired athlete to segue into politics, but she's probably the first to run against her own longtime doubles partner, Pam Shriver.

The post at stake in this curious competition is the presidency of the WTA Tour Players Association, a position held by Shriver for the last three years.

At an election to be held in New York on Sunday night, the fourth-ranked Navratilova, an outspoken advocate of challenging the tennis establishment, will attempt to block Shriver's re-election bid. But the 37-year-old Navratilova, who is skipping the U.S. Open and retiring at the close of 1994, could find herself running unchallenged if the incumbent Shriver is not first re-elected to the WTA Tour board by the players.

While Shriver's dedication to tour issues is unquestioned, her popularity

among her constituency has suffered because of her past policy affiliations with the departed WTA executive director, Gerard Smith.

There are some players, Navratilova among them, who believe that Smith and Shriver alienated the tour's former title sponsor, Kraft, and also encouraged the impending departure of Virginia Slims, the tour's founding sponsor, without having an adequate backup in place. The WTA Tour has no sponsor this year and efforts to recruit a new sponsor willing to provide \$5 million to \$7 million in 1995 have so far met with no takers.

Reform Platform

Navratilova is running on a platform of reform: Revamp the tour, revise the rules and restore sanity to the sport. The Associated Press reported.

Navratilova endorsed the idea of a "tennis summit meeting" to bring together

all the key factions — the men's and women's tours, the USTA, the International Tennis Federation, manufacturers, advertisers, promoters, media and fans — to examine the problems of the game.

"Absolutely," she said in an interview Wednesday from her home in Aspen, Colorado. "Get all of us together because we're all working for the same goal. Right now tennis is very splintered. A summit conference would be good for the game."

John McEnroe, elder statesman of the men's tour, agreed. "I think it would be an excellent idea," he said. "I don't know if the answer is mixing the men's and women's tour. That's two different things. But at the same time, tennis is unique in the sense that at major events men and women play at the same time."

Asked whether the antagonisms among some of the groups are too deep for the sport to become unified, McEnroe said, "I don't think so. The Berlin Wall came down. Anything's possible."

Navratilova wants fewer tournaments so top players will meet each other more often and develop rivalries.

"I've gone for a year without playing against Steffi Graf," she said. "I'm ranked No. 4, she's ranked No. 1 and we never play each other."

Navratilova also would like to see the men's and women's game speeded up, playing less, reducing the number of times players sit on changeovers, and serving more quickly.

And, after seeing Jennifer Capriati's decline, she's urging tougher rules restricting the eligibility of young players to "let these kids have a life" before they go on the tour.

"I will be running for WTA president," she said. "Whether I get elected, that's another story. But I'll be trying. I've done it before, but I felt I didn't have enough time to really do a proper job. Now I obviously have the time and the desire."

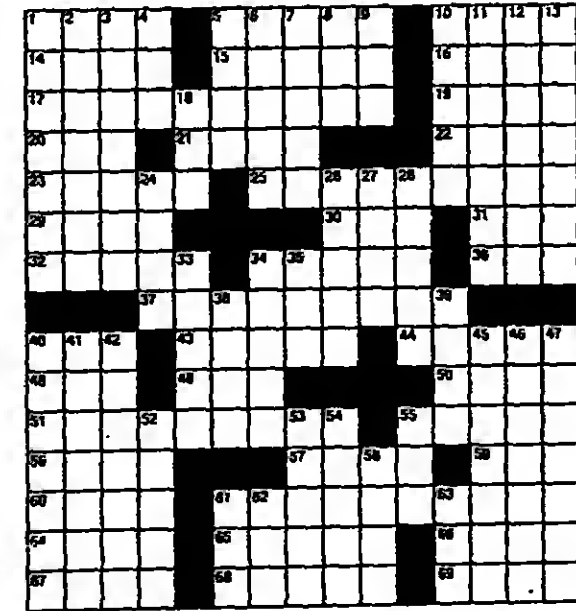
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ACROSS
1 Macintosh predecessor
5 Fish feature
10 Crumples
14 Joie de vivre
15 Less racy
16 Unbalanced

17 Start of an excerpt from an Edgar St. Vincent Hilkey novel
19 Elvis, for one
20 "Read this"
21 Chester, perhaps

22 Norm's wife, on "Cheers"
23 Physician Joliet-Curie
25 Excerpt, part 2
26 A, to Mozart
30 Not sanguine
31 Ball perch
32 Having a ranking
34 Chateau-dotted valley
36 Wind up
37 Excerpt, part 3
40 Pendant
42 Zigzag
44 Oscillates
46 Antecedent period
48 Year of Trajan's victory over Dacia
49 Ruined
51 Excerpt, part 4
53 Cornical Anne
56 Province
57 Young man's club
58 Moore's "the Last Rose of Summer"
60 Kind of stew
61 Excerpt, part 5
64 Ice-like holder
65 What a skimmer skims
66 Box
67 Half-note feature
68 It's a crying need
69 Baseball Hall-of-Famer Covert
70

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Puzzle by Timothy S. Lewis

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Solution to Puzzle of Aug. 25

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Switzerland	S.Fr. 810	445	255
Rest of Europe ex CEE	S. 485	265	145
CEI, N. Africa, former French Africa, Middle East	S. 830	445	255
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TO OUR READERS IN BERLIN

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C6/14

A Most Cryptic Scrawl

cal industry is already robbing the rich, isn't it? Since the medical industry can't receive pay-

them, the sentence would have to read: "Tax the rich."

New York Times Service

Herbie Hancock's Take on Lessons of Life

musical: "He inspired courage, he inspired musicians to take risks. It ap-



Hancock is a member of the African American creative elite in Los Angeles. He knows how to make a bundle of money playing exactly what he wants to play anyway. (Did he learn that from Miles?) Although it

the importance of responsibility. In the media, technology summarizes everything into bits and bytes. A war here, starvation there, man's inhumanity to man everywhere. Then right after a few dozen 'messages' come the sports scores. It's all delivered in the same tone of voice, and it gets to the point where you don't

a clearer picture of the things that are happening in my environment. I get a greater sense of the connection between things. I want my life to be more than the stringing together of separate events. I want to get to the point where I can see the connection between music and the people I love."

singer Billy Joel has been dropped. Joel's lawyer said the songwriter Gary Zimmermann, who had charged that Joel had stolen parts of an unpublished song he had sent to the singer in 1986 for two hit songs, had

Forecast for Saturday through Monday, as provided by Accu-Weather.

Forecast for Saturday through Monday, as provided by Accu-Weather.

North America

Very warm and humid weather is in store for this weekend from Washington, D.C., to Boston. Thunderstorms will occur later Sunday, followed by cooler weather Monday. Thunderstorms will occur along a frontal boundary stretching from near Denver to Chicago this weekend.

Europe

London to Oslo will have wintry, cool weather this weekend with frequent showers. Madrid will remain sunny and hot, while Paris will be breezy and cooler with some sun. Heavy rains will soak Scotland, northern Ireland and western Norway. Southeastern Europe will have pleasant weather.

Asia

Tokyo will have hot weather this weekend with sunny skies. Korea will remain warm, but a slow steady drizzle is possible. Heavy thunderstorms remain west of Beijing this weekend. Beijing and Shanghai will be very warm and humid with some shine.

Middle East

	Today		Tomorrow	
	High	Low	High	Low
Bombay	31/28	23/23	32/28	23/17
Cairo	30/27	21/20	30/27	21/12
Damascus	30/30	15/19	33/28	18/11
Jamsherd	28/32	18/12	32/27	19/10
Lima	28/12	18/12	41/102	22/17
Lyons	42/107	22/11	42/107	22/17

Legend: s=sunny, pc=partly cloudy, c=cloudy, sh=showers, th=thunderstorms, r=rain, dr=drizzle, h=heavy rain, s=snow, l=sleet, w=weather. All times, forecasts and data provided by Accu-Weather.

Latin America

	Today		Tomorrow	
	High	Low	High	Low
Buenos Aires	10/81	5/41	pc	18/20
Casaca	27/30	20/10	28/30	20/10
Lima	10/34	10/1	10/34	10/1
Medina City	24/27	13/50	23/27	10/15
Rio de Janeiro	24/28	18/10	24/28	18/10
Santiago	18/24	14/4	18/24	14/4

Asia		Today		Tomorrow	
	High	Low	High	Low	Low
Bangkok	32/26	24/25	34	32/26	32/26
Beijing	28/28	19/25	31	31/26	21/20
Delhi	32/28	21/27	31	30/25	27/27
Hong Kong	30/28	23/23	34	30/26	24/25
Kuala Lumpur	32/28	23/23	34	30/25	27/27
Manila	31/28	21/27	31	30/25	27/27
Seoul	31/28	21/27	31	30/25	27/27
Singapore	31/28	21/27	31	30/25	27/27
Taipei	31/28	21/27	31	30/25	27/27
Tokyo	29/24	22/21	31	31/26	27/27
Africa					
Algiers	26/22	21/20	29/24	23/23	23/23
Cape Town	21/21	11/52	21/20	17/10	11/52
Cairo	29/22	19/16	32	29/22	20/14
Harare	21/18	16/50	21	20/12	18/50
Lagos	27/22	19/13	27	26/22	20/14
Nairobi	27/22	19/13	27	26/22	20/14
Tunis	30/24	19/14	32	30/22	22/21
North America					
Anchorage	18/16	12/53	19	19/16	11/52
Boston	32/20	21/14	32	32/20	21/14
Denver	27/23	19/16	32	26/22	18/54
Detroit	27/18	16/50	21	26/22	18/54
Houston	28/23	19/16	32	26/22	18/54
Los Angeles	31/23	19/16	32	30/20	20/12
Manila	34/23	22/17	35	34/23	22/17
Memphis	27/23	19/16	32	26/22	18/54
Montreal	27/20	14/57	27	26/22	13/53
Newark	28/18	24/23	32	26/22	20/12
New York	32/20	21/14	32	32/20	21/14
Phoenix	31/20	26/22	32	31/20	26/22
Portland	27/23	19/16	32	26/22	18/54
San Jose	31/23	12/53	32	29/27	13/53
Seattle	27/23	19/16	32	26/22	18/54
Washington	27/23	19/16	32	26/22	18/54

SATURDAY

SUNDAY

All times are in local time by AcasWeather, Inc© 1994

Europe and Middle East

Location	Weather	High Temp. °F	Low Temp. °F	Water Temp. °F	Wave Heights (feet)	Wind Speed (kts)
Cannes	sunny	24/75	18/64	26/79	1-2	NW 10-20
Deauville	cloudy	20/68	12/53	18/64	2-3	NW 30-50
Antoni	sunny	26/79	19/56	27/80	0-1	N 12-25
Moscow	sunny	33/91	24/75	27/80	0-1	NW 10-20
Capri	sunny	32/89	23/73	27/80	0-1	NW 10-20
Amalfi	sunny	31/88	23/73	26/83	0-1	NW 10-20
Amalfi	sunny	34/92	23/73	27/80	0-1	NW 10-20
Corfu	sunny	30/86	20/68	27/80	0-1	NW 15-25
Brighton	cloudy	20/68	12/53	17/62	1-3	NW 30-50
Deauville	cloudy	18/64	10/50	18/64	1-3	SW 30-50
Scheveningen	showers	17/62	9/48	17/62	1-3	NW 30-50
Sylt	rain	16/61	10/50	18/61	1-3	NW 30-50
Tall Aviv	partly sunny	35/95	23/73	26/82	0-1	NW 15-25
Tall Aviv	sunny	29/84	23/73	26/82	1-2	SW 20-35

Caribbean and West Atlantic

Bahamas	partly sunny	32/89	23/73	26/82	1-2	E 20-35
Kingston	thunderstorms	32/89	23/73	26/82	1-2	E 25-50
San Juan	partly sunny	32/89	23/73	26/82	1-2	ESE 20-50
Honolulu	partly sunny	32/89	23/73	26/82	1-2	SW 20-40

Asia/Pacific

Perth	thunderstorms	33/91	25/77	29/84	0-1	SW 10-20
Phuket	clouds and sun	32/89	24/75	29/84	0-1	SW 15-25
Bali	sunny	31/88	24/75	29/84	0-1	SW 12-25
Cebu	partly sunny	31/88	24/75	29/84	0-1	SW 15-25
Palm Beach, Aus.	sunny	21/70	12/53	18/64	-2	NE 15-30
Bay of Islands, NZ	partly sunny	19/61	6/48	16/61	-2	W 15-30
Wellington	partly sunny	20/68	12/53	17/62	-2	W 15-30
Honolulu	partly sunny	29/84	23/73	27/80	-2	ENE 25-45

Europe and Middle East

Location	Weather	High Temp. °F	Low Temp. °F	Water Temp. °F	Wave Heights (feet)	Wind Speed (kts)
Cannes	sunny	27/80	19/66	26/79	1-2	NW 12-25
Deauville	partly sunny	21/69	12/53	17/62	1-3	NW 20-40
Antoni	sunny	29/82	20/71	27/80	0-1	N 20-40
Moscow	sunny	34/92	24/75	27/80	0-1	NW 15-25
Capri	sunny	33/91	23/73	27/80	0-1	NW 10-20
Amalfi	clouds and sun	30/86	22/71	19/66	0-1	NW 12-25
Amalfi	clouds and sun	33/91	23/73	27/80	0-1	NW 10-20
Corfu	sunny	31/88	20/71	27/80	0-1	NW 15-30
Brighton	partly sunny	21/69	12/53	16/61	1-3	NW 30-50
Deauville	cloudy	17/62	9/48	17/61	1-3	SW 30-50
Scheveningen	cloudy	17/62	8/46	18/61	1-3	NW 40-70
Sylt	cloudy	16/61	9/48	18/61	1-3	NW 40-70
Tall Aviv	sunny	33/91	21/70	26/82	1-2	N 40-70
Tall Aviv	sunny	30/86	24/75	26/82	1-2	SW 15-30

Caribbean and West Atlantic

Bahamas	sunny	33/91	24/75	26/82	1-2	ESE 20-50
Kingston	partly sunny	33/91	23/73	26/82	1-2	E 25-50
San Juan	partly sunny	33/91	23/73	26/82	1-2	ESE 20-50
Honolulu	sunny	31/88	23/73	26/82	1-2	SSE 15-30

Asia/Pacific

Perth	partly sunny	32/86	24/76	29/84	0-1	SW 10/20
Phuket	thunderstorms	32/89	25/77	29/84	0-1	SW 15-25
Bali	clouds and sun	31/88	23/73	29/84	0-1	SW 12-25
Cebu	partly sunny	31/88	24/75	29/84	0-1	SW 15-25
Palm Beach, Aus.	sunny	21/70	12/53	18/64	-2	NE 15-30
Bay of Islands, NZ	sunny	19/66	10/50	17/62	-2	W 15-30
Wellington	thunderstorms	20/68	12/53	20/68	-2	SE 20-40
Honolulu	partly sunny	30/86	24/75	27/80	-2	ENE 25-45

**Travel in a world without borders, time zones
or language barriers.**



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Gaza	018-672	Lithuania	8-1396
Hong Kong	800-1111	Luxembourg	0-800-0111
India**	800-117	Macedonia, F.Y.R. of	99-800-4288
Indonesia**	001-801-10	Malta*	0800-890-110
Japan**	0039-111	Monaco*	19-0011
Korea	009-11	Netherlands*	06-022-9111
Korea***	11*	Norway	800-190-11
Malaysia*	800-0011	Poland**	0-010-480-0111
New Zealand	000-911	Portugal*	05017-1-288
Philippines**	105-11	Romania	01-800-4288
Saipan*	235-2872	Russia** (Moscow)	155-9042
Singapore	800-0111-111	Slovakia	00-420-00101
Sri Lanka	+30-430	Spain	900-59-00-11
Taiwan*	0080-1028-0	Sweden*	020-795-611
Thailand**	0019-991-1111	Switzerland*	155-00-11
		U.K.	0500-69-0011
EUROPE			
Armenia**	8-14111	Ukraine*	8-100-11
Austria**	022-903-011	MIDDLE EAST	
Belgium*	0800-100-10	Bahrain	800-001
Bulgaria	00-1830-0010	Cyprus*	080-50010
Croatia**	97-38-0911	Israel	177-100-277
Czech Rep	00-420-00101	Kuwait	800-288
Denmark*	8001-0018	Lebanon (Beirut)	426-801
Estonia**	9800-100-10	Qatar	0800-011-77
France	19-0011	Saudi Arabia	1-800-10
Germany	0150-0010	Turkey*	00-800-12277
Greece*	00-800-1311	U.A.E.*	800-121
Hungary*	00-800-01111	AMERICAS	
Iceland**	999-001	Argentina*	001-800-200-1111
Ireland	1-800-550-000	Belize	555
		Bolivia*	0-800-1112
		Canada	1-800-461-7777
		Costa Rica**	111
		Cuba**	119
		Dominican Republic	1-800-461-7777
		Ecuador*	119
		El Salvador*	190
		Guatemala*	190
		Honduras*	123
		Jamaica*	123
		Nicaragua (Managua)	474
		Panama	109
		Paraguay	197
		Peru*	105
		Suriname	156
		Uruguay	00-047
		Venezuela**	80-011-123
		CARIBBEAN	
		Bahamas	1-800-872-2881
		Bermuda*	1-800-872-2881
		British V.I.	1-800-872-2881
		Cayman Islands	1-800-872-2881
		Grenada*	1-800-872-2881
		Haiti*	001-800-872-2881
		Jamaica*	0-800-872-2881
		Neth. Antil	001-800-872-2881
		St. Kitts/Nevis	1-800-872-2881
		AFRICA	
		Egypt* (Cairo)	510-0200
		Gabon**	00-0-011
		Gambia*	00111
		Kenya*	0800-10
		Zambia	799-797
		South Africa	0-800-90-0173

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